U.S. Department of Housing and Urban Development
Office of Policy Development and Research

Housing Our Families

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The cover design is an adaptation of the logo for the White House Conference on Families, which itself is based on the UN symbol for the child.

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Foreword

A classic piece of wisdom says that the more things change, the more they remain the same. In a sense this is also true of the changing structure of the American family. Whether the family consists of the nuclear family—mother, father, children—or of a single parent with children, or of a childless couple, or of an extended family, what remains the same are the needs and affections that bind the members together.

But the housing needs of these many kinds of families do differ. An extended family can hardly make do with a small condominium apartment; a single parent with a child may rattle around in a large single-family house.

As the proportion of each family type grows or shrinks from decade to decade in a changing America, their demand for appropriate housing changes. The Department of Housing and Urban Devopment, with its mandate to assure every American a decent, safe, affordable place to live, obviously needs to take account of these developments.

In 1979, the world observed the International Year of the Child. In 1980 the White House convened its Conference on Families. These two events, in juxtaposition with changing demographics and housing market patterns, inspired us to envision a special contribution HUD's Office of Policy Development and Research could make to the Conference: a study of the special housing situation of families with children.

This book summarizes the results of our family research agenda. Of particular importance is the chapter that reports on the practices that restrict the rental housing choices of families with children and the chapter that discusses the legal issues involved therein. We also examine our own role: included is an assessment of how well HUD programs serve families with children. These and the other chapters, which bring together much of the existing information on the housing status of families, should stimulate discussion and promote improved housing opportunities for families, especially those with children.

Our particular focus does not mean for a moment that HUD has lessened its concern for the housing needs of elderly and low-income people. Work supporting these "special users" goes on as vigorously as ever. But families with children are special too, and at least some of their housing problems may be a consequence of the fact that their proportion among all households is diminishing. This phenomenon must be highlighted, must be paid attention to. Whatever their numbers, families with children are the future.

Donna E. Shalala
Assistant Secretary
for Policy Development
and Research

Acknowledgements

The preparation of *Housing Our Families* was a team effort, involving staff of HUD's Office of Policy Development and Research as well as a number of outside researchers. Cecile Smull must be given special recognition as the chief author of this report. *Housing Our Families* reflects not only the care and effort she put into the report but also the years of institutional knowledge she has gained as a long-time HUD employee.

Major contributions in the drafting of the manuscript were also made by Jo Ann McGeorge, Irene Diamond (a Visiting Scholar from Purdue University), and Mildred Mitchell (an intern from Howard University). Jon Hakken carefully reviewed the chapter on restrictive rental practices. Paul Burke's research and special tabulations on HUD programs and on how well children are housed provided important new statistical material. Jane Hardin of HUD's Office of the General Counsel helped greatly in our understanding of the legal issues.

PD&R's Thalia Goldsboro managed all the activities required to keep the report moving on track.

Very special thanks must go to Bettie L. Williams who patiently typed and retyped the manuscript. Carolyn Marbury also took on an important part of this typing burden. Ruth Limmer, in her inimitable fashion, guaranteed that all but the final draft were written in elegant English.

Margaret Simms of the Urban Institute not only prepared a background paper which gave life and a conceptual framework to this report, but also reviewed with a careful and critical eye many of the research products and the manuscript. The first four chapters borrow generously from her own paper.

This paper has been shaped around a number of other specific works for which HUD contracted. Chapter 3 was developed from a number of sources of which the paper by Richard Eribes and Albert Karnig and the work under way at the Harvard – MIT Joint Center are prominent. Chapter 5 is based on the work of the University of Michigan's Survey Research Center, with special thanks to Robert W. Marans and Mary Ellen Colten. It also draws on the work of Jane Greene and National Neighbors. Chapter 6 relies heavily on the paper by Frank Schnidman, et. al. And Chapter 7 relies heavily on the paper by Sue Marshall and James Zais of the Urban Institute. These are all cited in the bibliography. We feel special acknowledgements are due to all these authors for making *Housing Our Families* possible and for providing enriching sources of information.

Finally, we are indebted to the Children's Defense Fund, in particular to Marian Wright Edelman, Cassandra Clay, and Paul Smith, and to Dora Ashford of the Fair Housing for Children Coalition in Santa Monica, California, who prodded and simulated us. They are just a few of the many children's advocates who played a part in this effort.

The art work which ends many of the chapters and adds life to the pages resulted from a contest for children who were asked to draw "My Family, My Home." Unfortunately, we could not afford the luxury of color printing to recreate the vividness of their originals.

All of us who have worked on the project have been touched by its subject. As our appreciation of children grew, our commitment to them and their families has strengthened. I am glad to have had the opportunity to direct so meaningful a project.

Elizabeth A. Roistacher
Deputy Assistant Secretary

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Chapter 1 Housing Our Families: An Overview

For a nation that now embraces a variety of family structures, the convening of a White House Conference on Families is a particularly significant event. Equally significant is the subject of the conference – families rather than family – because no one kind is any longer "typical." This fact has undoubtedly led to much of the current concern about family life. As a nation, we feel a degree of uneasiness over changing family structures.

To comprehend what is happening in family patterns, it helps to distinguish between "household" and "family." A household consists of all the people who occupy a dwelling unit. Thus a household can be one person or many. A family, on the other hand, consists of "two or more persons related by blood, marriage or adoption who live under the same roof." Our most recent figures (1978) tell us that there are 76 million households, of which a minority – not quite 40 percent – are families with children.

The importance of the household/family distinction becomes clear when we survey the changes in family composition. Between 1960 and 1970, and again between 1970 and 1978, the number of households in the United States increased by 20 percent despite population increases of only 13 and 7 percent, respectively. A major factor contributing to this disparity is the phenomenal increase in one-person and single-parent households. Together they now comprise over 29 percent of all American households. The percentage of unrelated people living together has soared even higher, from 1.6 percent in 1960 to 3.1 percent in 1978 – an increase of 179 percent.

The growth of single-parent families is especially significant. In 1978, 7 percent of all households (or 18 percent of all families with children) were headed by one parent. Because these figures present a view of family composition at only one moment in time, however, they disguise the dynamics of change. With a divorce rate approximately half the marriage rate, it is estimated that 45 percent of all children born in 1978 will be members of one-parent households (overwhelmingly female-headed) for some period of their lives before they reach the age of 18.

Among nuclear families (father, mother, and one or more children) profound changes have also occurred. Because of the changing roles of men and women, the majority of fathers are no longer the sole wage earners in the American family. Today, 43 percent of all married women with children under the age of six are in the labor force, as are 59 percent of all married women with school age children. The dual-earner family has become the norm.

The diversity in family and household structure that has come about with broad demographic and economic changes in the past few decades has been nothing short of revolutionary. Lower fertility rates, later marriages, larger numbers of never-married people, and an ever-rising divorce rate all have resulted in more households of single-parents, more households of people living alone, but, since 1970, a 3.6 percent drop in the number of households made up of husband, wife, and children. In short, although a majority of Americans still live in a conventional nuclear family for some period of their lives – that is, in a family composed of a father, a mother, and one or more children – at any given point such families constitute a minority of all families.

When we look at the housing situation of the Nation as a whole, it is a happy fact that most Americans are remarkably well-housed: they live in dwelling units that are physically adequate, uncrowded, and affordable.[1] Less than 10 percent of the Nation's dwelling units had physical defects in 1976 and, of these, fewer than 3 percent were considered to be severely flawed (2 or more defects). This low percentage becomes even more dramatic when we realize that just 30 years ago, 37 percent of all housing lacked plumbing or was considered dilapidated.

Overcrowding is more difficult to judge than physical inadequacy. It is now generally considered to mean anything over one person per room. But what constitutes "too many" people for a dwelling unit is often a judgment that varies by family, region, and cultural group. Overall, overcrowding has ceased to be a major problem. However, crowding rates differ for different groups and especially by race.

Affordability – the proportion of one's income spent to live in standard housing – is generally accepted as 25 percent, although 35 percent of income is not uncommon in urban areas. We estimate that fully 80 percent of all American households can obtain unflawed, uncrowded housing by spending no more than 25 percent of their income. At 35 percent of income, the figure rises to 88 percent. Moreover, significant numbers of families own their own housing. Since 1960, owner-occupied units have grown from 33 million to 50 million, and by 1978, 65 percent of all units were owner-occupied.

So much for the good news. The bad news, as Chapter 2 of this paper relates, is that being a member of a non-white minority household, a female-headed household, or a large household substantially increases one's chances of being poorly housed. Moreover, households with black, Hispanic, or female heads are less likely to own their own homes than the average household and are more likely to spend over 25 percent of their incomes for adequate, uncrowded housing.

While most American households are well-housed whatever their composition, it is clear that the chances of living in unflawed, affordable housing are reduced when the family is black, Hispanic, or headed by a woman.

Not surprisingly, changes in household composition affect the housing market in which families and individuals seek shelter. The sheer number of one-parent families and one- and two-person households places great demands on both the amount and the kind of housing available to them. Adult-only households, for example, tend to generate a preference for adult-only housing units. Two-earner households have different preferences in housing type and location than one-earner families, while single-parent families face special circumstances in the housing market as do low-income and minority households, whose housing choices have always been restricted.

While income is a major determinant of the range of options open to each family, housing perferences vary with family circumstances. The presence of children, and their number and age, the number of wage

[1] For HUD's complete criteria of adequate housing see Appendix A.

earners, accessibility to a car or transportation, the presence of an elderly family member, and race or ethnicity—all these factors influence a family's preference for the kind, size, and location of dwelling unit it wants. Finally, family changes—for example, the birth, rearing, and departure of children, the dissolution of marriage through separation, divorce, or death, etc.—also cause variations in the demand for housing.

Chapter 3 discusses these factors and how they vary among different types of families. It also considers the particular constraints on the housing preferences of black and Hispanic families and on those families in transition from two-parent to one-parent.

Matched against the demand side of housing decision is the supply side. The number and types of housing units available in different locations and their relative prices are a consequence of housing supplier's expectation of profit. Considering cost and price factors, suppliers decide whether to add or subtract units and whether to convert them from ownership to rental status or from rental to ownership status.

Housing suppliers are also influenced by the profits they can expect to make from various types of households. For instance, landlords, fearing higher maintenance costs, may refuse to rent to families with children; lending institutions, fearing default, may apply more stringent terms or even refuse to make loans to "high risk" households.

In classic economic theroy, the "invisible hand" of the marketplace continually adjusts supply to demand, but as Chapter 4 shows, the structure of the housing marketplace has been "guided" in such a way as to create limitations on housing choice. Land-use and zoning policies are responsible for a lack of heterogeneity in many neighborhoods. Thus families that cannot afford or do not want large units are effectively barred from most suburban neighborhoods and are thereby denied access to preferred schools and other neighborhood amenities. Soaring housing costs limit first-time homebuyers and those groups with significantly lower incomes. The shrinking rental stock—especially of larger rental units—probably works a hardship on large families and on those ethnic groups that have traditionally lived in extended families.

Chapter 5 examines one of the more disturbing consequences of the changes in housing supply—the growth in the rental market of exclusionary policies toward children. Matching the growth one one-and two-persons households has been the remarkable increase of adults-only rental units. Results of a HUD-sponsored national telephone survey of manager/owners and renters indicate that about one-quarter of all rental units prohibit children and nearly half have some kind of restriction on families with children. To capture the human consequences of these restrictions, we report on a companion study on the actual experiences of families that have endured hardships as a result of policies that exclude children.

Because these policies and practices have only recently been considered a fair-housing issue, there is as yet no fully formulated, consistent body of thought on the constitutional and legal issues involved. Chapter 6 presents a comprehensive overview of the ordinances, laws, court cases, and constitutional questions generated in response to exclusionary practices toward children.

The commitment of the Department of Housing and Urban Development to decent housing for all households necessitates an honest evaluation of the impact of the Department's own policies and programs on families with children. Chapter 7 examines how well HUD's housing assistance programs serve families with children.

Finally, Chapter 8 discusses projections of household formation for the coming decade and suggests the directions in which housing policies will have to move to ensure decent affordable housing for families with children.

Taken in all its parts, *Housing Our Families* represents a major research effort on the part of HUD and an important contribution to the national dialogue on American families. It is also a thoughtful rebuttal to those who view our changing households as an ominous end of family life. Although more and more people are living alone, most people do not. And clearly the inclination of people to come together to form households reflects an enduring need for relationships—whether or not within family units based on ties of blood kinship. Focusing on households forces us to recognize the variety of relationships that bind people together and to recognize the many forms of family life—one-parent, two-parent, and extended multigenerational families—that enrich the American scene. We hope such awareness will help us address the changing nature of American households with compassionate policies that strengthen their marvelous diversity.

Kevin Blankespoor, age 6

Chapter 2 How Well Are We Housed?

For most American families, the answer to this question is: *very well.* There has been a steady and significant improvement in housing quality as well as quantity. Nevertheless, there were over 7 million physically inadequate units in 1976. At the same time, many families were paying more than 25 percent of their income to obtain housing—adequate and inadequate. As might be expected, many of those with high rent burdens were at the lower end of the income distribution.

Any assessment of housing needs should begin by determining the current situation. We can do this in two ways: One is to estimate the number of households that are living in inadequate housing. (Inadequate housing is defined here as housing which has one or more physical flaws.)[1] The other way is to measure housing costs in relation to family income. (The rule of thumb is that housing expenditures should not exceed 25 percent of household income.) If these two standards—adequacy and affordability—are used as measures, what is the nature and size of the housing problem?

Recently, the wealth of data created by the HUD-Census Bureau's Annual Housing Survey (AHS) has been tapped in a series of summaries describing the housing conditions of particular groups of our population. The latest in this series, called *How Well Are We Housed?*, deals with large households. Others summarize findings for female-headed, black, Hispanic, rural, and elderly households.[2] From them we learn who is adequately housed and who is not, as well as who can afford standard housing and who cannot according to the proportions of their incomes going for housing.

The following discussion of housing quality and affordability is based on these booklets (which report on 1976 data). While these studies do not differentiate between households and families and between those with and without children, they do add useful perspectives on how various types of households fare in the housing market. The remainder of the chapter presents data on how well our children are housed and on overcrowding.

Housing Quality

Of the total of 74 million households in the United States in 1976, 10.3 percent were headed by blacks and 4.5 percent were headed by Hispanics. Nearly one-quarter were headed by women. Just over 7 percent contained six or more people and thus could be labeled "large."

Minorities had more than their share of large and female-headed households: 13 percent of black households were large and 40 percent were headed by women; for Hispanics, 16 percent were large and 25 percent were female-headed. These facts are important because these factors increase the chances of being poorly housed.[3]

Table 1 shows that households with black, Hispanic, or female heads are less likely to own their own homes than the total population. (Black homeownership rates increased slowly in the 1970's; rates for Hispanics fell slightly although Hispanic households grew rapidly in number.) To the extent that homeownership of a single-family home is the ideal, these groups are less well off than the average household. Large households, on the other hand, are more likely to own their own home (75.5 percent vs. 64.8 for the total population), and over 87 percent of them live in single-family units. But as we will see, homeownership does not necessarily ensure that the household is living in standard housing.

In 1976, almost 10 percent of all dwelling units had at least one physical deficiency, but less than 3 percent had two or more (Table 2). The flaw rate for the living units of black and Hispanic households, however, was approximately twice the rate for the entire population. But a complication arises because the flaw rates differ among various subgroups of Hispanics: while Cubans were less likely than the total population to live in flawed housing, Puerto Ricans were three times more likely.

Since the types of flaws included in the Annual Housing Survey vary from minor (such as toilet access) to severe (heating or electrical deficiencies or hazards), it is useful to isolate those groups that live in housing that has two or more physical deficiencies. When that is done, the data show

[1]The U.S. Department of Housing and Urban Development defines adequacy as the availability of heating and plumping, structural soundness, the availability of sewage-disposal systems, the maintenance of the living unit, the unit design, electrical system, and kitchen. A list of flaws can be found in Appendix A.

[2]These *How Well Are We Housed?* reports are available at cost from the Government Printing Office. Order by stock number.

1. Hispanics	023-000-00505-1
2. Female-headed households	023-000-00482-8
3. Blacks	023-000-00560-3
4. The Elderly	023-000-00519-1
5. Rural	023-000-00562-0
6. Large households	023-000-00624-3

[3]Among female-headed households, 32 percent of the heads were widowed, 31 percent were divorced, 23 percent were separated, and 13 percent were never married. Blacks were more likely to be separated or never married; whites were more likely to be widowed or divorced.

Table 1

U.S. Households, by Type and Tenure, 1976 (in thousands)

	Total	Black	Hispanic	Female-head*	Large (6 or more)*
Number of Households	74,080	7,640	3,298	17,854	5,279
Percent of Households	100.0	10.3	4.5	24.1	7.1
Homeowners	47,972	3,352	1,372	8,451	3,983
Percent of Household Type	64.8	43.8	41.6	47.3	75.5
Renters	26,148	4,289	1,926	9,403	1,296
Percent of Household Type	35.2	56.2	58.4	52.7	24.5

*These groups overlap with each other and with ethnicity of head.

Source: *How Well Are We Housed?*

that blacks and Puerto Ricans are more than twice as likely as the average American to live in severely flawed housing, with rates 2.4 to 3 times as high as the total population. Large households are nearly twice as likely to be in severely flawed housing, but because one of the two or more flaws is usually toilet access the label "severely flawed" may exaggerate their situation.

Affordability

Another test of possible housing problems is the proportion of household income needed to purchase standard housing. Calculations from the Annual Housing Survey indicate that minority and female-headed households are not as capable of affording standard housing as the population as a whole.

Using average housing costs and household income, it is possible to estimate who can afford adequate housing. If they devoted 25 percent of their income to housing (the traditional standard), 80 percent of all households could have paid for adequate, uncrowded housing in 1976 (Table 3). In comparison, only about 70 percent of Hispanics and 63 percent of black households could have obtained standard housing by spending 25 percent of their income on it, and only 53 percent of female-headed households could have.[4] But if we exclude the women who live alone, and concentrate only on women who head households containing other members, then between 65 and 70 percent of the group, depending on the age of head, can meet the 25-percent-of-income standard.

If we raise the income limit to 35 percent of income, a rate not too uncommon in urban areas, the proportion of all households that could have afforded standard housing rises to 87.5 percent. Black, Hispanic, and female-headed households lagged behind, with blacks in the worst position. Just over three-quarters of blacks could have obtained standard housing at the 35 percent cutoff. Even by spending 50 percent of income, some black, Puerto Rican, and female-headed households would still have been unable to obtain adequate housing in 1976.

Actual housing costs for low-income groups are much higher than the hypothetical measure and indicate that most rental households with incomes under $10,000 spend more than 25 percent of their income on housing with nearly one-quarter spending more than 35 percent (Table 4). As for homeowners with incomes under $10,000, most who have a mortgage spend more than 25 percent of their income on housing.

If one wants to pinpoint the factors that increase the likelihood of a family being inadequately housed, one can examine the data for various sex, age, and ethnic groups (Table 5). If white, male-headed households of average size are used as the standard, then a change of sex and ethnicity makes a substantial difference. Male-headed households of black and Hispanic heritage in the prime family years were 50 percent more likely to be inadequately housed than the standard in 1976. If, in addition, the black or Hispanic household was female-headed, the probabilities of ill-housing were almost double.

The probability of being ill-housed is

Table 2

Adequacy of Housing, 1976

	Total U.S.	Blacks	Hispanics	Female-Headed	Large Households
Units without flaws (thousands)	66,906	6,008	2,689	15,705	4,386
Percent of all units	90.3	78.6	81.5	88.0	83.1
Units with flaws (thousands)	7,174	1,632	609	2,149	893
Percent of all units	9.7	21.4	18.5	12.0	16.9
Severely flawed (2 or more) (thousands)	1,890	605	173	544	265
Percent of all units	2.6	7.9	5.3	3.1	5.0

Source: *How Well Are We Housed?*

Table 3

Affordability of Housing, 1976*

	Under 25% of income	Under 35% of income	Under 50% of income
Percent of all households	80.3	87.5	92.9
Percent of black households	63.0	76.2	87.3
Percent of Hispanic households	70.7	82.6	90.7
Mexican	72.9	84.9	91.0
Puerto Rico	48.0	67.7	85.5
Percent of Female-headed households	53.0	67.7	81.2
Multi-person, head under age 65	64.7	77.5	88.7
Multi-person, head over age 65	69.0	82.8	93.0
Percent of large households	80.9	90.2	94.9

***Source:** *How Well Are We Housed?* "Affordability" means the percent of households that could afford standard housing if they spent x percent of their income on housing.

[4]This is a hypothetical test. It does not mean that these percentages actually live in standard housing. They may choose not to spend as much on housing or they may be precluded from access to certain units by landlords, real estate agents, or lending institutions.

greater for large households than for average size households, regardless of ethnic background or race. And while the probability of being inadequately housed was highest for large households headed by black women, the relative penalty was largest for white women. A large family headed by a white woman was nearly twice as likely to be ill-housed as a comparable family with fewer than six members.

Overcrowding

Overall, overcrowding has ceased to be a major problem. The most common measure of housing space is the ratio of persons to rooms within a dwelling unit. The 1940's standard of adequacy was 1.5 or fewer persons per room. By that standard, overcrowding has virtually disappeared; it has declined from 9.0 percent of occupied units in 1940 to 2.0 percent in 1970 and 0.9 percent in 1977. More recently, overcrowding has been defined as one or more persons per room. Even by this measure, overcrowding is diminishing rapidly, from 20.2 percent in 1940 to 8.0 percent in 1970 and 4.4 percent in 1977.

As usual, these overall rates conceal a wide range of differences for different groups. First, crowding rates are significantly higher for renters than for owners (Table 6). In 1977, 3.3 percent of owner households as against 6.2 percent of renter households had one or more persons per room. While these percentages are small, they represent, in all, almost 3.3 million households.

But the most significant differences in overcrowding are those by race. Despite the improvements over time, as recently as 1977 9.2 percent of black owners and 11.9 percent of black renters had more than one person per room in their dwellings. For Hispanics, the comparable percentages were 14.8 and 20.1, respectively.

What might today be considered severe overcrowding—over 1.5 persons per room—characterizes the 1977 housing situation for 2.8 percent of black households and 4.6 Hispanic households. These rates are over three and five times as high, respectively, as the national average of 0.9 percent. Where the units are of poor quality, crowding may be even higher than reported because some rooms may be unusable.

Although the median number of rooms per unit for black and Hispanic households are the same or slightly smaller than that for all households, black and especially Hispanic households contain more people than average. As we pointed out earlier, minority households are more frequently renters, and rental units are, on average, smaller (as are most renter households). Again, minority housing status is associated with high female headship rates, lower incomes, and large families. Whether renters or owners, relatively more black and Hispanic households contain one or more

Table 4

Households Reporting Housing Expenses as Percent of Income, 1976

	More than 25% of Income			More than 35% of Income		
Income	All	Black	Hispanic	All	Black	Hispanic
Renter Households						
Less than $3,000	78.0%	74.6%	84.1%	68.3%	64.0%	76.5%
$ 3,000- 6,999	57.5	65.5	76.3	47.8	42.1	53.8
$ 7,000- 9,900	46.2	42.4	42.6	12.9	9.2	10.1
$10,000-14,999	16.9	12.1	15.9	3.1	1.2	2.5
$15,000-24,999	4.9	2.7	3.6	0.6	0.5	0.5
Over $25,000	1.1	–	–	–	–	–
All Households	43.9	49.0	49.8	27.0	31.3	32.1
Homeowners with Mortgage						
Less than $3,000	64.6	76.5	*	63.3	74.8	67.6
$ 3,000- 6,999	77.0	77.7	76.6	54.8	57.3	44.7
$ 7,000- 9,999	53.6	45.6	56.4	23.6	17.8	26.3
$10,000-14,999	31.7	26.7	31.7	7.9	7.6	6.6
$15,000-24,999	13.2	10.1	14.9	1.5	1.2	3.1
Over $25,000	2.9	2.0	2.3	0.3	–	–
All Households	23.0	34.5	33.2	9.4	19.9	14.3
Homeowners without Mortgage						
Less than $3,000	54.1	53.4	37.9	36.7	33.8	13.8
$ 3,000- 6,999	23.3	15.5	6.3	9.0	3.7	–
$ 7,000- 9,999	4.8	6.1	–	0.7	–	–
$10,000-14,999	0.6	–	2.8	0.1	–	–
$15,000-24,999	0.1	–	–	–	–	–
Over $25,000	–	–	–	–	–	–
All Households	12.4	19.1	5.9	6.3	9.5	1.4

*All households reporting housing as a percent of income reported spending over 35 percent of income.

Source: Annual Housing Survey, 1976. Part C: Financial Characteristics.

Table 5

Probability of Being Inadequately Housed, 1976

	White		Black		Hispanic	
	Male	Female	Male	Female	Male	Female
Head over 65						
2-5 persons	.13	.16	.27	.33	.21	.24
Head age 30 to 64						
2-5 persons	.17	.17	.25	.26	.25	.24
6 or more persons	.21	.31	.36	.37	.31	.35
Head under 30						
2-5 persons	.20	.18	.27	.28	.23	.29

Source: *How Well Are We Housed?*

sub families. Partly, this is an expression of preferences; however, it may also be a result of inadequate income and restrictive rental policies directed at families with children. Some overcrowding may also be due to temporary doubling up while relatives are searching for housing or jobs or while they are deprived of both.[5] As reported in Chapter 5, doubling up is often a response to the increasing difficulty of finding units which accept children.

How Well Are Our Children Housed?[6]

In 1977, 30.4 million households contained children under age 18, for a total of 62.1 million children. Over 11 percent of those households – and over 8 million of those children – were living in inadequate housing, a proportion slightly higher than for the population as a whole. But the minority population was inadequately housed at nearly twice the rate as the population as a whole, and at more than twice the rate for whites. Table 7 shows the whole grim story.

The probability of a child living in inadequate housing is very senstitive to family composition. While the largest number of children in inadequate housing are members of households headed by married men, the incidence of inadequate housing is much higher among one-parent families. Households headed by a woman, especially a woman who has never been married or is separated (rather than divorced) from her spouse, tend to have a much higher probabililty of being inadequately housed. If a child is a member of a white family headed by a married male, the probability of its being inadequately housed is just over 8 percent. If, on the other hand, the child is in a family headed by a Hispanic woman who is married (but whose spouse is absent) he or she has a 43 percent chance of being inadequately housed.

It is clear that the likelihood of living in inadequate housing varies tremendously by income, race, sex of head, and family size.[7] Further analysis is necessary, however, before we can determine the primary causes for families living in inadequate housing. Is it income alone? Is is discrimination in the housing market? Is it larger families? A combination? We don't yet know.

How well our families are housed is the result of the forces of both supply and de-

Table 6

Extent of Crowding in Housing in 1970 and 1977, for All, Black, and Hispanic Households, by Tenure

Households, Tenure and Crowding	All Households		Black Households		Hispanic Households	
	1977	1970	1977	1970	1977	1970
Owner-Occupied						
Percent with more than:						
1 person per room	3.3	6.4	9.2	15.5	14.8	22.9
1.5 persons per room	0.5	1.2	2.3	4.6	3.2	7.7
Renter Occupied						
Percent with more than:						
1 person per room	6.2	10.5	11.9	22.2	20.1	27.9
1.5 persons per room	1.6	3.3	3.1	8.6	5.7	10.9

Source: Annual Housing Survey: 1977, Part A, General Housing Characteristics.

Table 7

Households with Children Living in Inadequate Housing, 1977 (numbers in thousands)

	All Households with Children	Households with Children		All Children in Households	Children in Inadequate Housing	
		Inadequately Housed	% in Inadequate Housing		Total	Percent
Total						
Number	30,439	3,503		62,114	8,119	
Percent	100.0	11.5	100.0	100.0	13.1	100.0
Whites						
Number	24,190	2,159		47,697	4,619	
Percent	100.0	8.9	61.6	100.0	9.7	56.9
Blacks						
Number	3,609	764		8,274	2,047	
Percent	100.0	21.2	21.8	100.0	24.7	25.5
Hispanics						
Number	2,126	458		5,110	1,229	
Percent	100.0	21.5	13.1	100.0	24.0	15.1
Other						
Number	512	123		1,032	224	
Percent	100.0	23.9	3.5	100.0	21.7	2.8

Source: Special tabulations from the Annual Housing Survey: 1977.

[5] A sharp increase in doubling up was noted during the 1974-75 recession. Between 1973 and 1975, the proportion of black children living with their mothers in the households of relatives jumped from 30 percent to 39 percent. Robert Hill, "Black Families in the 1970's." *The State of Black America*, the National Urban League, Inc., New York, March 1980, p. 48.

[6] Information obtained from special runs of the 1977 Annual Housing Survey; previous data were presented based on the 1976 Annual Housing Survey. It should be noted that the year-to-year changes in the data tend to be quite small.

[7] See Appendix B for tables on the percentage of families and children that are inadequately housed by family status and ethnicity.

mand in the market place, coupled with such barriers to these market forces as discrimination. Governmental policy also contributes to the housing scene. In some instances, policies, even those designed to improve housing situations (for example, rent controls, zoning), may have adverse effects on and actually hinder housing options. The following chapters take up some of these determinants in order to understand why it is our families are housed the way they are.

Heather Eddins, age 5

Chapter 3 The Demand for Housing

The more money people have, the more choices they have in the housing market. But family composition also determines the kind of housing a family seeks. The presence and ages of children, the number of people who share a household and the condition of their health, the number of wage earners, the presence of elderly relatives—these and other factors all influence the size and kind of shelter a family seeks to live in.

And because most housing units cannot be moved from place to place, the location of a dwelling is also important in determining housing choice. The quality of the neighborhood in terms of the safety and quality of its public schools and other facilities can be especially crucial for some families; others will place more weight on a living unit's accessibility to jobs, health facilities, and public transportation.

Housing decisions are made at various points in a family's life cycle. Changes in age, marital status, and family structure all affect mobility. Just-married and just-divorced couples have high mobility rates. In the case of just-divorced couples, the marital dissolution frequently throws the woman into a much lower income bracket where she finds herself unable to keep the family house. In other cases, the emotional strain of the divorce leads both parties to opt for new living quarters.

The changes that revolve around the addition of children also lead to mobility or lack of it. Traditionally there are five stages in the family/child mobility cycle: prechild, childbearing, childrearing, child-launching, and postchild. Couples frequently move at least once in the prechild or childbearing period to accommodate changes in family size, but once families are completed, mobility rates generally are low until the postchild period.

A comparison of two families of the same size but different composition illustrates how these factors enter into housing decisions. The first family is a one-earner family consisting of a husband, a wife, and a child. This family will probably consider school access and the location of the husband's job as the important factors in the location of housing. If they have two automobiles (or can purchase a second one) public transportation and other neighborhood services may not be very important. If the husband or wife is handy with tools, maintenance and repair are no problem and the family can be more flexible about the physical condition of the units they consider. This type of family will probably opt for a single-family detached home, which would provide yard space for play. If their income is high enough, in all likelihood they will choose homeownership.

The second family consists of a divorced mother who works full-time, with one child and her own mother, who is over 65. This family may have different location preferences. A working mother may give more weight to having job, home, and services located in close proximity so that errands can be taken care of on the way to or from work or during lunch hours. It may be important to live close to public transportation, health services, and recreation centers for the elderly so that the grandmother is not housebound during the day. With only one prime age adult in the house, ease of maintenance may be more important than yard space.

As these two examples illustrate, income, family composition, and locational preference act on, and interact with, each other in the decisions about housing. But for some groups—especially blacks, Hispanics, and female heads of households of all races—the interaction is often far more complicated and leads to fewer housing opportunities. Before examining this problem, let us review recent trends in family and household formation.

Recent Trends in Family and Household Formation

Between 1960 and 1970, the number of households increased by 20 percent. Between 1970 and 1979, it increased by 22 percent. But between 1960 and 1970 the population itself increased only by 13 percent, and between 1970 and 1979 only by 7.7 percent. A major part of the growth in number of households can be attributed to the increase in one- and two-person households. Although many of these households are not "families," their growth has relevance to us because of the demand they place on the housing stock. (In addition, the great bulk of the information available on housing and housing conditions is for households rather than for families.)

Although most people live in family groups and most families (83 percent)contained a married couple, a number of striking trends have developed and, at least for the near future, show signs of continuing. These include:

- *a decline in the number of married couples with children.* As a percent of all households, this "typical" type of family declined from 40 percent in 1970 to 32 percent in 1978.

Table 1

Composition of Households and Families 1979, 1978, 1970, and 1960

Type of Household	1979	1978	1970	1960
All Households (thousands)	77,330	76,030	63,401	52,799
Percent	100.0	100.0	100.0	100.0
Nonfamily Households	25.6	25.1	18.8	14.7
Persons Living Alone	22.2	22.0	17.1	13.1
Other Nonfamily Households	3.4	3.1	1.7	1.6
Family Households	74.4	74.9	81.2	85.3
Married Couple with No Children	61.6	29.9	30.3	30.3
Married Couple with Children		32.4	40.3	44.1
One Parent with Children	12.7	7.3	5.0	4.4
Other Family Households		5.3	5.6	6.4

Source: U.S. Bureau of the Census.

- *the postponement of marriage.* In 1979, one half (49 percent) of all women 20 to 24 years old had not married, as compared with 29 percent in 1960.

- *increased numbers and percent of persons living alone.* The numbers of single, never-married people living alone almost doubled between 1970 and 1979. For those under 35, the numbers living alone, including those formerly married, tripled in that period.

- *postponement of childbearing and smaller family size.* The median age of women at the birth of their first child has been increasing; it was 22.1 in 1970 and 22.4 in 1975, the most recent for which data were available. The average-size family declined from 3.67 in 1970 to 3.58 in 1970 an 3.31 in 1979.

- *the increase in divorces.* Between 1970 and 1979, the ratio of all divorced persons per 1,000 husbands and wives in intact marriages had risen from 47 to 92 per 1,000. For blacks the increase was from 83 to 197 per 1,000.

- a 50 percent *growth in single-parent families* in the 1970-1979 period. Of those broken families with children under 18, 9 out of ten are maintained by women.

- a 40 percent *increase in the number of children with only one parent* between 1970 and 1979, despite a 10 percent decline in the youth population. In 1979 close to 19 percent of all children under 18 lived with one parent, compared with 12 percent in 1970. Among blacks, the number of children living with one parent was virtually equal to the number living with two parents.

- the *number of unmarried couples living together more than doubled* in the period 1970-1979. However, the partners in the 1.3 million such households in 1979 represented only about 3 percent of those living together as couples. About one-quarter of these couples had one or more children under 14 years old living with them.

- *continuation of longevity trends,* with increased numbers of elderly couples and single people maintaining separate households.

- the *increase in two-earner couples.* Nearly one-half of all wives 16 years and over were in the labor force in 1979. By 1979, over one-half of the nation's children had working mothers. While this does not necessarily affect the number of families seeking housing, it may have relevance for housing choices because:

  —two-earner couples have substantially higher incomes and therefore are more likely to become and remain homeowners.

  —two-earner couples are likely to have somewhat different locational preferences. However, these may not be translatable into different housing locations because of cost, quality of schools, and trade-offs with more convenient (even if less well paying) jobs for the wife.

  —a stronger attachment to the labor force on the part of the working wife may help stabilize the marriage (through contributions to family income) *or* it may make divorce or separation financially easier.

These trends pose a continuing challenge to the housing market to provide adequate housing choices for all households and families—and especially for those who are economically disadvantaged.

Income and Family Composition

Median family income has not grown so rapidly, in real terms, in the 1970's as in the previous decade. From 1970-1978, median family income, in constant dollars (1978), increased at an average annual rate of 0.8 percent, compared with 3.0 percent for the period 1960-1970. And although the numbers and rates of people below the poverty level have declined over the past two decades, this decline has been less rapid in the 1970s than in the 1960s.

In 1978, the median income of black households was $10,879 compared to $18,368 for white households. Hispanic families were better off, but only moderately so, with a median income of $12,566. Poverty rates were also much higher: 27.5 percent of black families and 20.4 percent of Hispanic families lived in poverty compared to 6.9 percent of white families in 1978.

As would be expected, there is a disproportionate number of black and Hispanic family heads in the lower-income occupations. For instance, only 10 percent of blacks and 8 percent of Hispanics hold professional jobs compared to 16 percent of the general population.

The severe constraints on housing choice due to lower income are further heightened by the composition of black and Hispanic families. Despite the national trend toward smaller families, black and Hispanic families remain larger on average and more frequently live in extended households. Both economic and cultural factors help explain this characteristic.

One of the ways that families survive financial hard times is by "doubling up" with other family members in order to share meager resources. But perhaps equally important is the emotional nourishment and support that the extended family can provide.

Thus, although the rate of unmarried, black teen-aged mothers is six times that of unmarried, white, teen-aged mothers, the majority (85 percent) of black teen-aged mothers live in extended family households. In addition, cultural tradition of kinship support in times of family crisis has resulted in the informal adoption or absorption of around 1.4 million black children into households of grandparents, aunts and uncles, sisters and brothers.

For Hispanic families, the economic advantages of the extended-family household are supported by the desire to maintain the language, customs, and informal network of Hispanic culture. Hispanic families, who value multigenerational proximity, are generally large, averaging 3.8-person households versus the 2.3-person households of the total population. Ten percent of all Hispanic households include 7 or more family members.

Thus, added to the constraints of income on housing choice many blacks and Hispanics must also face the problems of finding housing suitable for their larger and/or extended families. In many cases, the problem is exacerbated when rental and real estate agents define "family" to mean only "nuclear" family.

Ethnicity and Locational Preference

The interplay of income and family composition for blacks and Hispanics is further complicated by segregation. Too often, they are not free to live where they want to.[1] While it is true that blacks and Hispanics (like other ethnic groups before them) often prefer to live in ethnic enclaves, a large proportion of both groups

[1]Evidence of the continuing problem of housing discrimination is reported in Chapter 4.

prefer to live in communities that are heterogeneous. A 1978 survey taken by Louis Harris Associates for the U.S. Department of Housing and Urban Development[2] asked Americans about the kind of neighborhood they would like to live in. Over 57.2 percent of blacks and 46.1 percent of Hispanics preferred neighborhoods that were mixed—half white and half minority. Significantly, 75.5 percent of the whites surveyed preferred a mostly or all white neighborhood; only 15.5 percent indicated a preference for mixed neighborhoods.

Neighborhood Satisfaction

We have only limited information about people's locational preference and their satisfaction with their neighborhoods. As a result, we cannot fully comprehend the tradeoffs people make when they choose housing. Different families will give different weight to the importance of a dwelling's location, size, cost, and available neighborhood amenities. But the Annual Housing Survey sheds some light on how people judge their neighborhoods.

Table 2 lists some indicators of neighborhood condition and community services thought to be important to the quality of life in a neighborhood. The percentage shown are the proportion of residents who consider the indicators to be a negative feature of their neighborhood. Finally, the residents rate their neighborhoods and say whether they want to move out. These may not, in fact, describe the actual conditions in a neighborhood. But because they represent feelings and opinions, they may be as important as the objective circumstances when we try to predict the neighborhood needs of families in future years.

Objectively measured, housing quality has improved steadily. These neighborhood indicators do not show the same general trend. In most cases, the situation was worse in 1977 than in 1973. Schools, police and fire protection, health and hospital services and many of the neighborhood conditions listed were more frequently viewed as inadequate. But the desire to move as a result of poor conditions has decreased somewhat.

Female Heads of Household

In 1977, one of every three families headed by a woman lived in poverty. This compares with 1 in 18 for husband/wife families and 1 in 9 for the rare single-parent, male-headed families. For female-headed households with related children under 18, the poverty rate was 41.8 percent, over six times the rate for comparable male-headed families.

Although 56 percent of these women were in the labor force in 1977, they were highly concentrated in low-skilled, low-paying occupations with 7 of 10 in clerical, service, or operative positions. Lack of education was a major deterrent to labor force participation. Among women with less than an eighth grade education, their participation was only 28 percent. For those with over 16 years of schooling, participation was 77 percent. Female-headed families with children have only one-third the income of husband/wife families; where there was more than one-earner in the family female-headed families had incomes that were two-thirds of that of husband-wife families.

A recently released study by the Census Bureau indicates that the position of most of these families is not likely to be improved by child support payments.[3] Only one-fourth of all divorced, separated, remarried and never married women with dependent children received child support in 1975. For them the average amount received was $2,433 with the median payment being less than $1,500. Those with higher educational attainment and greater labor force participation were more likely to receive child support payments. Their median income was $6,860 compared to $4,750 for those who did not receive support.

Minority women and their families fare even worse than their white counterparts. Three-fifths of all black families headed by women were in poverty in 1977. Only 11 percent of all black women family heads received child support payments in 1975.

[2] *The 1978 HUD Survey on the Quality of Community Life: A Data Book.*

[3] U.S. Department of Commerce, Bureau of the Census, *Divorce, Child Custody, and Child Support*, Current Population Reports, Special Studies Series, P. 23, No. 84 (Washington, D.C.: Government Printing Office, 1979), pp. 12-14.

Table 2

Selected Indicators of the Neighborhood Quality
Percent of Occupants Reporting Specified Indicator

	1973	1975	1977
Neighborhood Conditions			
Airplane Noise	45.8%	16.5%	16.9%
Street Noise		34.8	31.6
Heavy Traffic	30.0	30.3	29.2
Streets Need Repair	14.1	17.2	18.3
Inadequate Street Lights	20.0	25.1	25.0
Crime	13.2	18.5	17.0
Odors	11.6	8.9	8.6
Litter	11.4	14.4	16.0
Commercial or Industrial Uses	13.5	17.1	20.7
Deteriorating Housing	8.7	9.5	10.2
Abandoned Buildings	5.8	6.9	7.0
Inadequate Services			
Public Transportation	36.1	42.0	34.7
Shopping	13.3	14.6	12.9
Schools	3.6	3.8	4.4
Police Protection	8.4	8.8	9.2
Fire Protection	4.3	5.2	N/A
Hospitals or Health Clinics	11.8	13.1	14.7
Opinion of Neighborhood			
Fair	16.7	14.9	15.5
Poor	3.0	2.4	2.7
Poor and Want to Move	2.2	1.7	1.3

Source: Annual Housing Survey.

When blacks and Hispanics did receive child support, payments tended to be lower than those received by white women. Among the factors contributing to these differences, minority women are more likely to be separated than divorced; thus they are less likely to have formal settlements; moreover their former (or absent) spouses are also more likely to earn low incomes.

Families in Transition

Households headed by women are, in many ways, transitional households; that is they are families in the process of reorganizing their lives as a result of change in family structure. Although they come into being primarily through divorce or separation, they frequently change back to husband/wife families through remarriage. About 21 percent of divorced women are remarried one year after the divorce and 71 percent are remarried after five years. Probabilities of remarriage are about the same for women with and without children but are higher for whites than for blacks, for those under 25, and for those married less than five years.

For women with children who remarry, the median time from divorce to remarriage is about three years. Thus, although the period in which the family is headed by a single woman is not a permanent one, it covers a substantial period in the life of the child. For the 30 percent of divorced women with children who do not remarry within five years, the transition to female-headed household is a period when mothers must assume sole responsibility for achieving a new stability in the restructured family unit. But whatever the outcome of divorce and separation, the transition from a married to a single-parent household is accompanied by other transitions, particularly in housing and income.[4]

First of all, income drops. As Figure 1 illustrates, women who were better off during marriage experienced the sharpest average income drop, but women who were less well off during marriage also end up less well off after divorce or separation.

Along with a drop in family income, a divorce or separation inevitably means that someone moves. About 75 percent of the women who move at least once by the end of the third year after a marriage ends, and more than half move at least twice by the end of the fourth year (see Table 3).

Interviews with about 100 single-parent women[5] suggest that families in transition face severe difficulties in making decisions about where to live, and they often encounter real hardships as a result of their housing arrangements. The starting point for the housing decision process is, of course, the reduction of income. But within the limits set by this reduced income, the women usually decided where to live on the basis of several considerations:

1. Maintaining social contacts and established school settings for the children;
2. Maintaining their own social status;
3. Finding help with child care and establishing or maintaining other supportive arrangements;
4. Making new social contacts for themselves;
5. Getting within reasonable commuting range of jobs or training.

These different needs usually conflict with one another; no housing choice seems able to satisfy all of them, nor is it clear that good solutions can be found. It may be that serious tensions are unavoidable no matter what choices the women make. The conflicts and tensions help explain why many women make a series of moves in rapid succession during the early stages of separation or divorce, discovering that each decision produces new problems and trying to find a reasonable outcome by trial and error.

Whether and how often a family in transition moves is to some extent correlated with income and occupational group. The interviews show that upper-middle-class families generally live in their own single-family house; when a break in the marriage occurs, most women in this group stay put with their children.

The families of white-collar workers with average incomes are likely to live in single-family houses during the marriage, but after separation or divorce, almost half of the women in this group must give up their houses. Often this means moving into inadequate apartments and (from their point of view) undesirable neighborhoods. Those who remain in their former marital residences stay there "on a shoestring."

Women from blue-collar or working class marriages are the most likely to make a housing move after divorce. Most were already living in apartments. As single parents they end up living in cramped, run-down, poorer apartments.

No matter what her social class, whether a woman and her children stay in the former marital residence or move to a new place (or places) after divorce depends on a series of factors. Money, the first and primary consideration, is the main variable in the basic decision to move or stay. Closely aligned to the money factor is the behavior of a divorced father. If he has signed over the family home in the divorce

Table 3

Number of Moves After Marital Transition for Women Aged 18-64 with Children

	No. of Moves	Transition Year	Years after Separation 1	2	3
Divorced	0	45%	34%	31%	26%
	1	55%	42%	31%	31%
	2	–	24%	20%	21%
	3+	–	–	18%	22%
Separated	0	46%	20%	16%	20%
	1	54%	55%	42%	8%
	2	–	25%	37%	64%
	3+	–	–	6%	8%

Source: Op. Cit. Families in Transition.

[4]These transitions are the subject of a study currently being done by the Joint Center for Urban Studies under a grant from the U.S. Department of Housing and Urban Development. Not yet available.

[5]Fifty divorced men were also interviewed, but because they are less likely to retain custody, it is much harder to generalize from their experiences.

settlement and/or if his support payments are regular and dependable, a divorced woman can plan her housing strategy from a solid base. A low-income family, however, will not have a "solid" base even if the ex-husband's support is regular. In addition, the visitation pattern between father and children and the need to maintain reasonable traveling distances are considerations that may affect housing choices.

Loyalty to a particular part of the city or neighborhood is another important consideration. A divorced mother often tries to remain in a familiar territory even if to do so she has to accept housing of lesser quality. Women from middle-income and professional marriages, who frequently live far from relatives, often desire to remain among friends and maintain a sense of community security.

The assistance, advice, and attraction of relatives also has a strong impact on housing moves and choices. Younger women and women from blue-collar marriages especially tend to hover around or move back to the neighborhood where their parents live.

In sum, when families in transition move, they are searching for housing that will meet essentially contradictory demands. A first move may be in with family, which solves financial problems but creates problems relating to childrearing, independence, and privacy. A move to rental housing in a lower-status neighborhood may raise issues of safety and of worry about the children's schooling. Staying in a suburban community where the family lived when married may minimize disruption for the children but may also create social and emotional as well as financial problems for the mother. Some single parents work out an acceptable compromise without moving, or by moving only once; others find themselves trapped in a fruitless search for a satisfactory situation.

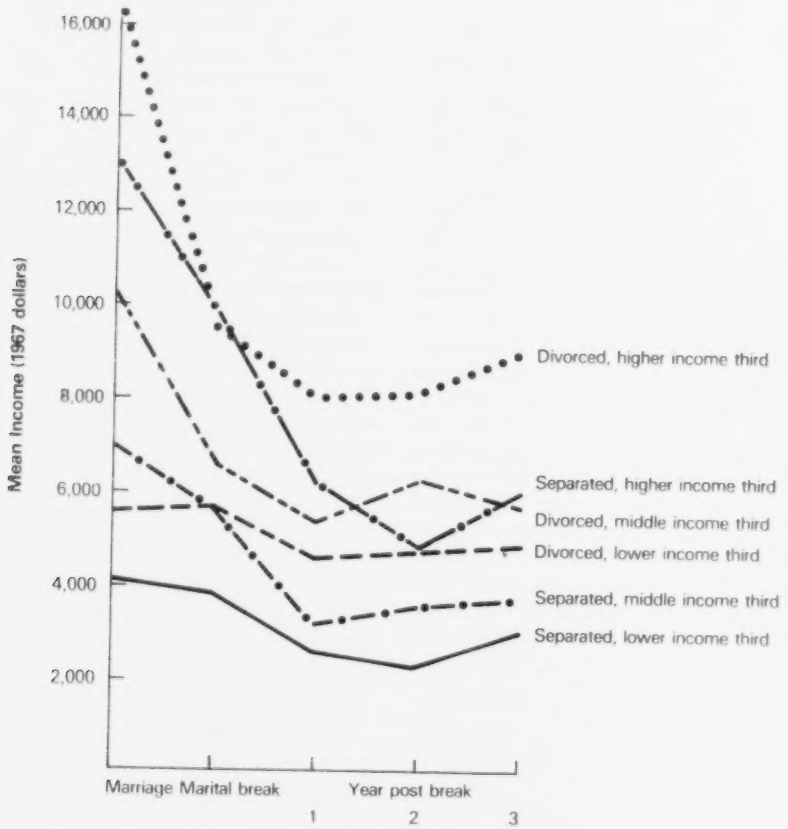
Working and lower-middle-income women felt that discrimination by landlords or rental agents is an additional housing problem. These women, looking for rental housing they can now afford, speculate that landlords erect numerous "screens" to discourage single-parent tenants. Women in the upper middle class and in the lower class seem less likely to run into these problems. The more affluent women often own a home or can show evidence of adequate resources or income. The poorer women more often are forced to seek housing in government-subsidized housing complexes or in private housing where lower income families are accepted.

The housing hopes and dreams of single parents seem to be similar to those of two-parent families. Women from working class families still hope for a home of their own, just as they did while married. Middle-income women aspire to a better apartment, a place in a better neighborhood with good schools. Women from professional marriages wish to remain settled until the children are gone and then aspire to condominium or apartment living just as two-parent families in this stratum do.

These concerns suggest that some women who head families are in need of transitional help with housing during a special stage. In most cases, the assistance would be temporary, as the term "families in transition" implies. The first one to five years after a breakup of marriage are the most stressful financially and the most unsettled in terms of direction and life style. After that period, the overwhelming majority of women either remarry or

Figure 1

Mean Family Income of Mothers Before and After Divorce or Separation by Income Thirds During Marriage



Source: Families in Transition (Forthcoming)

Joint Center for Urban Studies of M.I.T. and Harvard University
Appendix, Table C. 12.

establish a new single-parent life style. What is essential then is that compassionate housing policies recognize the legitimate aspirations of families, whether two-parent, one-parent, or in transition.

Table 4

Housing Moves of Separated or Divorced Women with Children by Social Class Level

	Upper-Middle Women	Middle-Class Women	Working Class Women
Stayed in a single-family house	10	7	5
Moved from single-family to another single-family house	2	1	1
Moved from single-family to an apartment	0	5	2
Moved from apartment to apartment	2	1	8
Stayed in former-marriage apartment	1	1	4
	N = 15	N = 15	N = 20

Source: Susan Anderson-Khleif, **Strategies, Problems and Policy Issues for Single-Parent Housing** Joint Center for Urban Studies of M.I.T. and Harvard University, Cambridge, Massachusetts, August 1979; Appendix A, Table 2.

Elrina Parcover, age 9

Chapter 4 Whither the Housing Market?

The decision to build new housing, to rehabilitate old housing, or to convert rental housing into cooperatives or condominiums and vice-versa is made pragmatically. How much will it cost? What profits will result? How good an investment is it compared to other investment options?

Changes in the demand for housing as a result of changes in income, household size, or locational preferences, will induce suppliers to adjust the quality and quantity of housing stock. Likewise, changes in cost and price factors will tend to influence suppliers' decisions.

Among the suppliers' considerations are, for example, interest rates. An increase in interest rates tends to decrease the demand for owner-occupied housing. Government regulation – such as zoning or rent controls – will also influence exactly what type or amount of housing is supplied.

Because the purchasers of housing services are not homogeneous either in their needs or characteristics, the suppliers of housing also take into account the profits attached to the rental or sale of units to different types of households. This is what has been occurring in recent years, as we shall see in this chapter. The supply of different types of housing has been adjusting to changes both in demand and in the relative profits to be anticipated in the sales and rental housing markets. The demand for homeownership has been accompanied by a smaller growth in the rental stock. And the rental stock has been adjusting to the smaller household sizes – with increasing shares going into smaller units with four or fewer rooms. Let's examine these trends.

Recent Housing Trends

We have tried throughout this paper to focus on housing problems of families with children, and particularly on problems they encounter in the rental market. But housing markets are so interrelated that to understand the rental market we must also study the impact of homeownership trends on it.

Homeownership, the ideal for most American families, is now enjoyed by record numbers. The number of owner-occupied units increased by 7.1 million, or 22 percent, between 1960 and 1970 and by 10.4 million, or 26 percent, between 1970 and 1978.

In the past, growth resulted from the development and rapid acceptance of the (FHA) mortgage with its low down-payments, fixed terms, and equal amortization payments, as well as from the great economic growth in the decades following World War II. A further stimulus has arisen from the substantial tax incentives provided for homeownership. The dramatic increase in the number of two-earner couples has undoubtedly also contributed to earlier and higher homeownership rates, as has the growing financial ability of single persons to participate in the advantages of homeownership. More recently, sustained high rates of inflation and the expectation of their continuation have further enhanced the desirability of owning a home because housing is viewed by many as a hedge against inflation.

In addition to higher homeownership rates, there has been a trend toward larger homes with more amenities – and a decline in the numbers and relative importance of small single-family homes. A small but growing part of owner-occupied units are condominiums or cooperatives; from November 1975 to November 1978 these grew in number from 0.9 million to 1.2 million units, or from 1.85 to 2.4 percent of the total. Mobile homes, on the other hand, have also emerged as a significant part of the housing market – mostly at the lower end of the income spectrum. In 1977, they accounted for 6.2 percent of the year-round owner-occupied housing stock.

In 1977, well over a third of all owner-occupied dwellings – almost 14 million – were owned free and clear. With a mortgage, the median cost per month of owning one's own home was 19 percent of income[1] – and this is before tax deductions are taken into account.

The Congressional Budget Office[2] has summarized the varying impacts of inflation on homeownerships costs:

- From 1970 to 1975, for example, buyers who were already homeowners fared relatively well because of equity increases in their previously owned home.
- Homeowners who did not move during those years faced only increases in operating costs. Thus, their rate of increase in overall housing cost was particularly low.
- First-time homebuyers, on the other hand, because incomes did not keep pace with housing costs, experienced fairly substantial decreases in their ability to afford homes.

We noted earlier that not all owner-occupied homes are of good quality or in good condition; nor can all homeowners afford to maintain their homes well. (A 1977 survey showed that of those receiving aid to dependent children 10.4 percent owned or were buying homes. This percentage varied from 2.0 in Connecticut to 55.7 in Puerto Rico.) Recently, high sales prices and financing costs are shutting an increasing number of potential first-time homebuyers out of the market. And some recent purchasers must have committed very high proportions of their monthly incomes to debt service, thereby creating a high risk group in the event of a downturn in home prices or employment. Be that as it may, homeownership is considered by many as a sound investment, and equity in homes (and second homes) is the largest and most widespread single source of personal assets in the Nation.

The rental housing market, on the other hand, has not prospered equally well, especially in the last two decades. The number of renter-occupied units increased by 3.3 million between 1960 and 1970 and by the same number between 1970 and 1978. In fact, from 1970 to 1978, the rental housing stock grew only half as fast as the owner-occupied stock despite a spurt in construction of multifamily units early in the 70s.[3]

The changing composition of the rental stock has largely followed changes in the composition of renter households. Between 1960 and 1977, the proportion of single-family houses, both attached and detached, in the rental stock dropped from 48 percent to 31 percent of the total. This drop is in part due to sales to owner-occupants and in part to demolition. At the same time, the proportion of rental units in multifamily structures of five or more units, grew from

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[1] Sum of payments for real estate taxes, property insurance, utilities, fuel, water, garbage and trash collection and mortgage at time of enumeration. *Annual Housing Survey: 1977.*

[2] *Homeownership: The Changing Relationship of Costs and Income, and Possible Federal Role,* Congresional Budget Office. January 1977.

[3] HUD's assisted housing activities played a big role in encouraging these multifamily starts.

27 to 39 percent. Single-family houses available for rent are, on average, larger than units in multifamily structures and more often contain five or more rooms. By contrast, larger multifamily structures have smaller units; 86 percent of their units contain four or fewer rooms. Of those with five or more rooms, the great majority have five rooms. As a result of these shifts in the type of stock, the proportion of all rental units with five or more rooms has been declining; so has the number of large households in the rental market.

In addition, new construction has been lagging. The tightness of the rental market was also affected slightly by the conversion to condominiums and cooperatives of some of the best rental units in the stock. As for the vacancy rates of rental units, these have declined to new lows of about 5 percent in recent years.[4]

One reason why the rental market has not prospered is that rents have not increased as fast as costs. Apartment owners have not been able to raise rents as fast as operating costs have increased because renter incomes have increased more slowly than rents.[5] To a great extent, this situation is explained by a continued shift to homeownership for the purposes of investment and tax advantages. This shift has taken many middle- and upper-income households out of the rental market and increased the proportion of renters who are among the lower income population—and thus have high rent-to-income ratios. In 1977, 49 percent paid more than 25 percent of income for rent, compared with 40 percent in 1970. In 1977, 17.6 percent of renters spent more than 50 percent of their incomes for rent.

Because the weakened rental market has not been able to attract sufficient investment, the unsubsidized rental market has not kept pace with the need to upgrade or replace units. Thus in 1977, despite the overall gains in the quality of renter-occupied units, 5.3 million renters lived in physically deficient housing.

There are no indications that investment flows into unsubsidized multifamily rental housing will reverse in the near future. If the situation remains as it is at present, the rental market in many localities will grow increasingly tight and housing choices within those areas will be increasingly restricted.[6]

Comdominium and Cooperative Conversions

During the 1970's the homeownership thrust spilled over into condominium and cooperative homes in both newly constructed and converted buildings and developments. Many were concerned that growing numbers of conversions would result in an increasingly tight rental market. In some locations, this concern was translated into moratoria on conversions or into legislation to slow them down.

A recent HUD study, *The Conversion of Rental Housing to Condominiums and Cooperatives,*[7] addresses issues involved in conversion, including the impact on the rental market. The study estimates conversions at 366,000 in the past decade. Conversions in the period 1970-1975 are estimated at 85,000. In the following four years, an additional 290,000 units were converted, with dramatic increases occurring annually. Condominium conversions far exceed cooperative conversions.

During the 1970's, most of the conversions were concentrated in and around the 37 largest SMSAs. Fifty-nine percent of the units were in 12 SMSAs; 31 percent of all activity was in the Washington, D. C. and Chicago SMSAs.

But 1979 activity would indicate that the phenomenon may also be occurring or increasing in smaller metropolitan areas. Half of all conversions in the latter areas took place in the last year. Over the decade, 51 percent of units converted were in central cities and 49 percent were in non-central cities. The study estimates that conversions may total 1.1 million units in the six years from 1980-1985, provided economic trends in that period do not vary much from those in 1978 and 1979.

Although conversions represent a small percentage of the total rental stock—1.3 percent over the period 1970-1979—there are considerable local variations in the rates at which they have occurred. In the Washington, D. C. and Chicago SMSAs, conversions in the 1970's represented between 7 and 8 percent of rental units. In one suburban city, Walnut Creek, California, they reached 18 percent.

Assessment of the impact of conversions of the rental stock is complex for several reasons. On the demand side, the need for rental stock is reduced to the extent that buyers of converted units are first-time purchasers and occupy their units. On the supply side, buyers who owned homes previously released those units for sale or rent. And 37 percent of converted units are rented out. As a result of these diverse changes in tenure, it is estimated that for every 100 units converted, the net effect is an increase of five vacant owner units and the occupation of five previously vacant rental units. This will vary from place to place, depending on local market conditions, as well as over time.

Nationwide during the 1970s it is estimated that as a result of conversions rental supply was reduced by 231,000 units, renter demand fell by 212,000 units, and 18,000 rental vacancies were occupied by former tenants of converted buildings.[8] The latter figure represents .067 percent of the Nation's occupied rental housing supply. Thus, the nationwide impact is less than popularly believed. These results should allay some of the fears generated by this trend.

HUD's condo study suggests that it is demand factors which are drawing the condominium market. A shift from rental to ownership is occurring among some middle-income households because they find a marginal financial advantage to owning as a result of actual and expected infla-

[4]It should be borne in mind that housing markets vary considerably locally. During the studies of housing restrictions against families with children, discussed later in this paper, very low vacancy rates were quoted in some places, for example Hartford.

[5]National Housing Production Report, sent by President Carter to the Congress, March 19, 1980, Summary, p. 2.

[6]See, for example, Morton J. Schussheim, *Rental Housing in the Washington Area*, Greater Washington Research Center, April 1980.

[7]June 30, 1980. Units are counted as converted if one unit in a building is sold; in the case of cooperatives units are considered converted if the cooperative is legally established and one share is sold.

[8]The impact on the rental stock is estimated for the 1970's based on the assumption that the conversion effect observed in the 12 SMSAs with high levels of activity in 1977-1979 is what occurred nationally.

tion. In addition, inflation in housing prices has priced some of these families out of the single-family home market.

Who are involved in and affected by the shift? Buyers of condos are mostly white professionals or managers with relatively high incomes and small households. A higher proportion of single women, single men, and blacks (in that order) own and occupy converted units than all other types of homes. Forty-three percent of the buyers are married couples with or without children (31 percent) or male and female heads with dependents (12 percent).

During conversion, tenants with children do not feel they are being pressured to move and tenants without children do not feel they are being pressured to buy. However, almost one-quarter of the tenants who choose not to buy had 3 or more persons in their households and had lower incomes and higher minority rate representation than tenants who buy. On the other hand, 15 percent of renters in converted units had three or more people in their households, compared to 8 percent in owner-occupied units.

Discrimination in Housing

Racial discrimination in housing markets has been of great concern to housing economists,[9] but race is not the only factor that handicaps a family searching for housing. A household's size and the sex of its head are also significant.

Real estate agents, mortgage lenders, and landlords all have the power to discriminate. By controlling the flow of information, real estate agents, who provide the majority of homebuyers with information on housing options, can steer potential buyers toward or away from certain neighborhoods or certain types of dwelling units. They can also discriminate by providing different information on mortgage availability and requirements to different groups. Similary, landlords control the rental of apartments through the provision of information on rents and apartment availability. By adjusting such factors as rental rates, security deposit requirements, and requirements on minimum numbers of bedrooms for different size families, landlords can decide who becomes a tenant of any given building.

A recent nationwide study by the U.S. Department of Housing and Urban Development reveals that discrimination against blacks continues to be a substantial factor in urban housing markets. Using teams of black and white testers, similar in every respect but race, the study observed the behavior of landlords and real estate agents. The results show that[10] blacks were systematically treated less favorably with regard to housing availability, were treated less courteously, and were asked for more information than were whites.[11]

A similarly structured study in the Dallas rental market finds substantial and fairly consistent evidence of discriminatory housing market practices against Chicanos. Furthermore, the study finds that at least in the Dallas rental market, light-skinned Chicanos appear to encounter discriminatory treatment about as often as blacks, while dark-skinned Chicanos appear to encounter discriminatory treatment more often than blacks.[12]

Another source of information on discrimination in rental housing against families with children is the data collected by the Rand Corporation as part of HUD's Experimental Housing Assistance Program. These data are for movers in a recent five-year period within the two sites in the experiment – Green Bay, Wisconsin, and South Bend, Indiana, and report the frequency of perceived discrimination by the cause cited.[13] In the latter, blacks are present in the sample in sufficient numbers for white/black comparisons.

On average, children are second only to pets in the frequency with which they were cited as a cause of discrimination in South Bend. (For blacks, children were cited most frequently with race a close second – except for those without children.) Children are the third most frequent cause cited in Green Bay, with pets and marital status reported more frequently.

In general, children were perceived as a cause of discrimination in the rental of single-family houses more frequently than in the rental of apartments. They also were cited more frequently by low-income households. The more children, the more frequently this cause of discrimination is reported. For those with two to three children, and even more so for those with four or more, children are the *most* frequently cited cause.

In general, the presence of children is reported more frequently by female heads of family than by husband-wife families. For female heads, there is also some association with the high frequencies with which source of income and marital status (and, to be expected, sex) were cited; however, the latter were not reported as often as the presence of children.

Since these data are for movers only, they do not reflect those who are discouraged from the search because they anticipate discrimination. And successful searches in the face of discrimination may require unusual determination and persistence.[14] Furthermore, segregation of racial or ethnic groups in particular neighborhoods may give rise to higher prices for poor quality housing in both the rental and homeownership markets.

Because few families are in a position to pay cash to purchase a home, mortgage

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[9]See Ann B. Schnare, *Equal Opportunity in Housing: Some Options for Evaluation Research*, Urban Institute Working Paper #229-02-01, April 1976, and John Yinger, *et al.*, *The Status of Research into Racial Discrimination and Segregation in American Housing Markerts*, U.S. Department of Housing and Urban Development, October 1978, for reviews of recent literature on racial discrimination.

[10]Ronald E. Wienk, Clifford E. Reid, John C. Simonson, and Frederick J. Eggers, *Measuring Racial Discrimination in American Housing Markets: The Housing Market Practices Survey*, U.S. Department of Housing and Urban Development, Washington, D.C., 1979.

[11]*Ibid.*, p. ES-2.

[12]John Hakken, *Discrimination Against Chicanos in the Dallas Rental Market: An Experimental Extension of the Housing Market Practices Study*, U.S. Department of Housing and Urban Development, Washington, 1979.

[13]These are: age, sex, marital status, race/ethnicity, income source, pets and children. The data also include average number of kinds of discrimination encountered, the average length of housing search, and the average number of units examined. Data are disaggregated by marital status, number of children, renters of apartments and single family homes, three ageggdoups and three income groups, and in South Bend, for whites and blacks. The data are from special tabulations prepared for *Housing Our Families*.

[14]Kevin F. McCarthy, **Housing Search and Mobility**, Housing Assistance Supply Experiment, The Rand Corporation, Santa Monica, California, September, 1979.

lenders can influence the rate of homeownership—and the racial diversity of the homebuyers—by their rules and regulations. Some of the practices that can result in discrimination are the redlining of neighborhoods that have higher concentrations of certain ethnic groups, and the differential treatment of income depending on its source—child support and wives' incomes, for example.

Historically, differential treatment for certain groups was not only practiced but was supported by government policy. These practices persisted in spite of evidence that families in which women contributed to the family income were not any more likely to default on loans than one-earner families. Some studies even showed income profiles over time for two-earner and female-headed households that were very similar to male-headed, one-earner households.[15]

In 1974, the Fair Housing statutes were amended to prohibit mortgage lenders from discriminating against women in applications for mortgage loans. This was followed by the comprehensive Equal Credit Opportunity Act in October 1974, which took effect in 1975. Both laws were intended to eliminate discrimination in the extension of credit.

Even though these acts made it illegal for banking institutions to discriminate against borrowers on the basis of irrelevant personal characteristics such as age (as long as the individual is of legal age to enter into a contract), race, religion, national origin, sex, or marital status, evidence shows that differential treatment continues. An analysis of mortgage application information in New York and California shows that widespread discrimination still plays a part in mortgage lending.[16]

While these studies give partial evidence of continuing discrimination in mortgage markets, the actual amount of discrimination may be even larger because none of the studies include cases where women or minorities are discouraged from even submitting an application.

To the extent that discrimination still persists, minorities and females face housing choices restricted not only by their relative economic status but, additionally, because of direct or indirect discrimination in rental and lending markets.

Other Supply Constraints

Supply constraints are compounded by government interventions in a number of areas as well as by rising costs and uncertainties.

Exclusionary Zoning. Local restrictions on land use, lot size, and minimum floor space may, for example, entirely rule out apartments or small, inexpensive houses in many suburban communities. These restrictions may be hardened by community pressures to limit growth or certain types of growth. Unwillingness to provide transportation or particular utility hook ups—sewage and water systems among them—effectively bars, or at least slows, certain types of residential land use.

In fact, many suburban communities severely limit new construction for a combination of reasons. Some want to keep out what are viewed as "problem" households. Others want to maximize the tax base and minimize the demands for additional costly facilities and services. This reason frequently leads communities to bid for clean industry or for research or central office facilities, often in a campus setting. When such communities do allow for some higher density multifamily housing, they generally prefer housing for the elderly, particularly their own elderly residents who no longer can or wish to maintain single-family homes but who would like to remain in the community where their ties are.

There are, of course, many exceptions to these generalizations. Older, close-in suburbs freqently house growing proportions of smaller or lower income households in their older housing stock. And unknown numbers of neighborhoods in many central cities contribute to this suburban growth as a result of public and private revitalization activities. On the other hand, central cities may attract a growing number of the young and childless who are drawn by the abundance of theatres, restaurants, discos, etc. Good public transportation may also attract people to the central cities, especially in the face of rising gasoline prices. (To the extent that these movements are trends, they may help to reduce the fiscal disparities between central cities and at least some of their suburbs.) But even today, the central cities continue to lose predominantly middle class families with children, including an ever-growing number of minority families.

The prevalence of large units in the suburbs effectively bars certain families because of cost. This, in turn, bars them from good suburban schools and other amenities. It may also explain why so large a proportion of large families own their own homes. It may be their preference but, at least to a degree, they may not have real alternatives.

Costs of New Housing. Land costs may be rising faster than most other components of the cost of housing construction, probably because of inflation in land prices; a shortage of land with water, sewer, and utility services; and increased regulation of land use. In certain areas, tax and other incentives have been introduced to preserve agricultural land for which there is no local substitute. To what extent the escalation in land prices is due to a shortage of buildable land is unclear. But this is certainly an important factor near large metropolitan areas, where prime locations command such high prices that use is severely restricted.

Land development costs have also risen steadily over the past decade. This is partly due to rising, and perhaps excessive, standards. But it also represents a shifting of some of the costs of community facilities—roads, parks and recreation, school land and facilities, sewage and drainage systems, etc.—from local governments to developers.

Construction costs have also risen considerably. This is due in part to rising financing costs, in part to higher wages. In addition, local deviations from model codes may contribute needlessly to higher building costs. But we cannot be sure. More research is needed before we know

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[15]Dennis Kendig, "Discrimination Against Women in Home Mortgage Financing," **Yale Review of Law and Social Action, 3 (Winter 1973): 166-80, and KETRON, INC., Women in the Mortgage MHrket,** U.S. Department of Housing and Urban Development, Washington, D. C., 1976.

[16]Robert Schafer and Helen F. Ladd, **Equal Credit Opportunity: Accessibility to Mortgage Funding by Women and by Minorities,** U.S. Department of Housing and Urban Development, Washington, D. C., 1980.

whether to call for a change in particular construction requirements.

Delays due to the proliferation of complex environmental regulatory activities and clearances of all types contribute not only to costs but also to the degree of risk that developers of large projects must assume. Costs, however, have to be weighed against the benefits.

Local Management Controls. Rent controls, ordinances on tenant-management relations, increased statutory and legal difficulties in evictions, and moratoria and controls on condo conversion all act to deter investment in multifamily housing.

Maintenance and Operating Costs. As we stated earlier, these have been increasing rapidly for all residential property. However, they serve more as a deterrent to investment in rental property than in owner-occupied property. The costs provide an additional incentive for conversion of multifamily rentals to condominiums and cooperatives, especially where consumer willingness or ability to pay higher rents is in question.

Taxes. Governments provide various tax incentives for housing. At the federal level these include:

- homeownership deductions of mortgage interest and real estate taxes;
- deferral or non-recognition of capital gains on sales of owner-occuped homes;
- accelerated depreciation of rental properties;
- five-year write-off of rehabilitation expenditures on low- and moderate-income rental property;
- excess bad-debt reserve deductions for certain types of lending institutions to encourge lending on residential property;
- deduction of construction-period interest and taxes;
- exclusion of interest on state and local housing bonds. Traditionally, this latter exclusion has been used for low-income multifamily housing. Recently, however, it has been increasingly used for higher income households and for individual home mortgages.

The first two incentives on the list, which account for most of the total of federal "tax expenditures" (or revenues lost), operate as a powerful incentive for homeownership, were it needed. Moreoever, not only do the incentives for homeownership far outweigh those for rental properties but the Tax Reform Act of 1976 weakened some of the listed tax incentives that applied to multifamily rental property.

While some local governments have addressed this imbalance by providing additional tax incentives to rental property owners or directly to renters, usually through allowances for property taxes paid, these efforts have not been especially effective overall.

The Uncertain Future. Uncertainties about future rates of inflation, about the severity and duration of the recession, and about the future of the rental market vis-a-vis the homeownership market, will probably work to favor construction of single-family homes and condominiums over multi-family rental properties. In the final chapter of this paper, we examine household projections to 1990. The growth rates in household formation are expected to slow thereafter and, after 2005, to fall. While this has some significance for the long-term desirability of investment in owner-occupied housing, it decreases still further the attrativeness of investment in multifamily housing.

Jenna Karadbil, age 7

Chapter 5 Exclusionary Policies Affecting Families with Children

During a conference on family housing problems convened by HUD in December 1979, the Department learned of a few studies of exclusionary policies against families with children.

For example, by surveying the rental listings published in newspapers, the Fair Housing Project[1] examined child exclusion rates and types of restrictions in five California cities. Another recent study conducted in Dallas[2] surveyed apartments listed in the Yellow Pages and found that a significant number of units excluded children or had restrictions on the ages and number of children allowed.

While the limited data for these local studies suggested that exclusionary practices are creating a hardship for many families with children, no data existed on the prevalence of such practices across the Nation. In response to the concern expressed at the conference, and to fill this gap in information, HUD assumed the responsibility for a national assessment of no-children policies. Then, to better understand the impact of these policies, the Department also examined the actual experiences of families that had encountered exclusion because they had children.

Under contract to HUD, the University of Michigan Survey Research Center conducted a national telephone survey on the subject. Based on interviews with 1,007 renters and 629 managers, we now have national data on the location, size, and kinds of rental units having various policies and restrictions toward families with children.[3] In addition, the attitudinal data gathered offers an insight into the feelings of tenants—with and without children—as well as the opinions of managers with respect to renting to families with children.

The University of Michigan Survey: Measuring Restrictive Practices

Respondents in this survey represent the national population of renters as we know them to be from the Annual Housing Survey: they are likely to be young, unmarried, and have lower-than-average incomes:

Age

69 percent are under 45 years of age

56 percent are under 35 years of age

Marital Status

35 percent are married, living with a spouse

61 percent are separated, divorced, widowed, or single

Income

35 percent have annual incomes under $10,000

50 percent have annual incomes under $14,000

The majority—68 percent—do not have children living in the household. Of the households having children under 18,

42 percent have 1 child
38 percent 2 children
20 percent have 3 or more children

Families with children are a minority, not only in the survey but in the Nation as a whole, and among these families, those with more than two children are a minority of the minority. The majority of renters (60.2 percent) live in an apartment building containing more than 3 units. An additional 1 in 5 (21.8 percent) live in a single-family dwelling. Most of the units reported by managers are in fully occupied buildings and complexes (76.3 percent); only 6 percent have more than a 10 percent vacancy rate.

More than 40 percent of all rental units are located in large urban areas with approximately a quarter each located in small urban areas and small towns.

On the average, each rental unit has two bedrooms. The breakdown by size is as follows:

no bedroom	3.0
one bedroom	32.4
two bedrooms	42.5
three or more bedrooms	22.1

In terms of size, almost 65 percent of the rental stock is adequate to accommodate the majority of families with children seeking rental housing.

Policies and Restrictions Concerning Children: Numerous management policies and restrictions limit the ability of families with children to find suitable rental housing. In addition to the obvious "no-children" policies, there can be a variety of restrictions or limitations on the ages and the maximum number of children allowed in units, the sharing of a bedroom by children of opposite sex, and the designation of certain floors and buildings where children are not permitted. For example, age restrictions can limit children over a specified age, e.g., no children over two or no children over 12, or they can limit children **under** a specified age, varying from two or three (no preschoolers) to 17 or 18 (no school-aged children). Often age restrictions are not clearly defined and are left to the discretion of building managers or rental agents.

To measure how extensive these policies or restrictions are, managers were asked a series of questions to find out if such policies were in effect and, if so, what kinds of restrictions were included.

According to the responses of managers,[4] about a quarter of rental units are in buildings that prohibit families with children. About half are in buildings that are open to children but place limitations on either the number or ages of children allowed or on the location where such families can live. As Table 1 indicates, policies or restrictions on children vary depending on the size of the unit. Efficiency and one-bedroom units having more than 2 bedrooms are more likely to be affected. In fact, fewer than 4 percent of all rental units having more than 2 bedrooms are in buildings that exclude families with children. But because many of the units accepting children restrict the number of children who can share a bedroom, or do not permit children of different sexes to share the same bedroom, the exclusionary figures are greater than they appear to be. Thus, a family with a boy and girl would be excluded from 47 percent rather than 20 percent of all two-bedroom units, and a family with three children would be excluded from 12 per-

[1] Dora Ashford and Perla Eston, *The Extent and Effects of Discrimination Against Children in Rental Housing* (Santa Monica, 1979).

[2] Jane G. Greene, *An Evaluation of the Exclusion of Chidren from Apartments in Dallas, Texas*. JG & Associates, 1978.

[3] Robert W. Marans and Mary Ellen Colten, *Measuring Restrictive Rental Policies Affecting Families with Children: A National Survey*. Office of Policy Development and Research, U.S. Department of Housing and Urban Development, Washington, D.C. (1980).

[4] The managers reached in the survey represent nearly 79,000 rental units.

cent rather than 3.7 percent of all three-bedroom units.

Not surprisingly, no-children policies or restrictions imposed on the number of children are more prevalent in apartment buildings and complexes than in single-family rental units. However, when the size of the unit is taken into account, rates of no-children policies do not vary significantly between single and multifamily buildings; but rental units in apartments are much more likely to have restrictions limiting the number of children. These results are illustrated when we compare Tables 2 and 3:

Only 18 percent of single-family units do not rent to families with children, and the exclusion is more likely to apply to one-bedroom homes and least likely to apply to homes with three or more bedrooms. Similarly, large units are least likely to have restrictions on the ages of children in the dwelling.

Many of the earlier housing discrimination studies suggested that no-children policies were frequently associated with low vacancy rates, central cities, lower-quality housing, neighborhood location, race of tenants, and age of buildings. Analysis of the national data using these variables indicates no significant relationship between policies/restrictions against children and:

Vacancy rates. Buildings/complexes with vacancy rates of 10 percent or more are just as likely to prohibit children as those with no vacancies.

Location in urban or suburban areas. However, no-children policies are less common in rural areas than in metropolitan areas.

Quality of housing and/or neighborhood as perceived by the renter. Whether people live in rental units that permit or restrict children, they make similar assessments of the quality of their housing and neighborhoods. However, no-children policies are more common among newer units which tend to be of higher quality.

Within urban areas, restrictive policies *are* associated with race. Units in predominantly white neighborhoods are more likely than units in predominantly black neighborhoods to restrict families with children (29 percent versus 18 percent).

There is evidence that no-children policies are increasing. Since 1974 the percentage of units in buildings and complexes with no-children policies increased from 17 percent to 26 percent.[5] This increase reflects two trends. First, many more apartment complexes are being built as adult-only complexes. Second, buildings which used to accept children are adopting no-children policies.

Rationale for No-Children Policies: One of the justifications offered by managers for instituting policies restricting children is the belief that tenants without children of their own clearly prefer to live in places which exclude children. It is often contended that

Table 1

Percentage of all Rental Units Having Policies/Restrictions on Children, by Size of Rental Unit

	Size of Rental Unit				
Policy/Restriction	Efficiency	One Bedroom	Two Bedroom	Three or More Bedrooms	All
No children accepted	35.3	41.5	20.1	3.7	25.5
Children accepted with limitations on number	41.1	38.6	49.6	52.0	46.0
Age	1.9	6.2	7.0	4.4	6.4
Sex	8.6	15.1	21.5	27.1	20.6
Location	3.4	10.1	12.6	7.0	10.2
Children accepted with no restrictions	20.0	17.9	25.8	38.4	24.5
Number of units (unweighted)	4,343	26,410	31,831	7,589	78,785
Number of managers responding	141	367	432	224	634

Source: Measuring Restrictive Rental Practices Affecting Families with Children.

Table 2

Percentage of Rental Units in Apartment Buildings/Complexes Having Policies/Restrictions on Children by Size of Rental Unit

	Size of Rental Unit				
Policy/Restriction	Efficiency	One Bedroom	Two Bedroom	Three or More Bedrooms	All
No children accepted	35.5	41.5	18.5	2.1	27.0
Children accepted with limitations on number	43.6	39.9	56.0	71.3	50.4
Age	2.0	6.1	8.3	7.2	7.3
Sex	9.1	15.9	24.9	44.2	23.5
Location	3.6	10.7	16.7	13.0	12.7
Children accepted with no restrictions	17.1	16.7	19.3	16.3	17.7
Number of units (unweighted)	4,340	26,398	31,763	7,531	78,641
Number of managers responding	138	355	364	166	492

Source: Ibid.

[5]The 17 percent figure is based on the responses of managers of buildings built before 1975. Managers of these buildings who reported having a no-children policy in 1980 were asked if their no-children policy was adopted before 1975. The estimate for 1974 does not take account of the policies of rental buildings which were converted to condominiums or demolished between 1975 and 1980 nor does it take account of buildings which had a no-children policy in 1974 which was rescinded later. The effects of these two omissions are likely to be small and offsetting, thereby introducing little or no bias in the 1974 estimate.

childless people consciously select housing to avoid living around children and would move if children were allowed in their building. For management, then, the issues are the economic feasibility of excluding children and the maintenance of the rights and preferences of households *without* children against the rights and preferences of households *with* children.

To explore these generalizations, the Survey Research Center of the University of Michigan queried managers and renters about their perceptions of problems in renting to, or living among, families with children. About a quarter of the renters with no children in the household reported they preferred not to live near children, and respondents living in apartments were more likely to express this preference than those living in other types of housing.

Forty percent of renters in buildings with explicit no-children policies said they chose to live there because of those policies. But many buildings in which there are no children do not explicitly bar them. If we look at *all* rental buildings without children—both those with and without explicit no-children policies—then only 20 percent said they chose their building because no children were living there. Consistently, approximately the same percentages indicated they would move out if children moved into the building.

Reasons given for preferring not to live around children varied. Noise was more frequently mentioned (55 percent) with 17 percent mentioning destructiveness, property damage, or pranks. One in 10 responses focused on lack of parental supervision. One out of 20 referred to the "clutter" associated with chidren's playthings; an equal number mentioned liking the amenities associated with an adults-only setting. A few—4 percent—noted they simply disliked children.

In sum, while a substantial minority of residents express preferences or have selected living situations based upon the absence of children, the majority of renters in the sample would take no action if the policies or practices concerning children in their buildings were changed.

Manager/Owner Attitudes: Although the data on renter attitudes strongly suggest that "integrating" families with and without children would not be as difficult as it is sometimes assumed, tenants do not set rental policies. In order to get some picture of how those who do establish rental policy perceive potential problems in renting to families with children, managers/owners in our national survey were asked: "Here is a list of possible problems that managers throughout the United States can face when they rent to children. Please tell in general if you think each is a big problem, somewhat of a problem or not a problem at all."

As Table 4 shows, managers of buildings or complexes that do not accept children were most likely to view each item as a problem; managers that accept children were least likely to view the item as troublesome. For instance, one half of the no-children managers said that higher maintenance costs were a "big problem" whereas only one-quarter of the children-accepting managers gave this response. Overall, managers of adults-only complexes were twice as likely as managers of children-accepting complexes to view each item as a big problem.

The ultimate concern of an examination of rental policies toward children is the impact of these exclusionary policies on the families themselves. Almost half of the respondents with children in the household reported that when last looking for a place, they had found places where they wanted to live but weren't able to rent them because there were policies about children. This percentage did not vary with number of chidren, sex of head of household, family income, size of place, or race/ethnicity of the family.

If one is a renter, being a member of the "majority" group does not exempt one from exclusionary practices. Similarly, minority group membership does not appear to exacerbate the difficulty. Negative experiences are no more likely to be reported by female-headed households and minority groups than by any other; however, because female-headed and minority households are more likely to be renters, they may bear a disproportionate share of this kind of discrimination.

Table 3

Percentage of Single-Family Rental Homes Having Policies/Restrictions on Children, by Size of Rental Unit

	Size of Rental Unit			
Policy/Restriction	**One Bedroom**	**Two Bedroom**	**Three or More Bedrooms**	**All**
No children accepted	41.7	25.0	5.2	18.4
Children accepted with limitations on number	28.6	38.0	34.5	35.1
Age	14.3	3.9	1.8	3.5
Sex	–	13.7	10.9	11.3
Children accepted with no restrictions	41.7	47.1	60.3	52.5
Number of managers/units responding	12	68	58	138

Source: Ibid.

The National Neighbors Study: How Renters are Affected by Restrictive Practices[6]

To better understand how these national data translate into the actual experiences of families seeking adequate housing, HUD contracted with National Neighbors to talk to families that had actually experienced problems and to document the types of difficulties they faced.

Reached by public service announcements in six metropolitan areas (Los Angeles, Dallas/Fort Worth, Atlanta, Oklahoma City, Hartford, and Columbus), people who had difficulty in finding rental housing because they had children were invited to call a toll-free number and describe their experiences. In addition, National Neighbors held round-table discussions in

[6] Jane G. Greene and Glenda P. Blake, *How Restrictive Practices Affect Families with Children,* Office of Policy Development and Research, U.S. Department of Housing and Urban Development, Washington, D.C. (1980).

three of the cities to gather further information from representatives of community and social service organizations as well as from managers and owners of rental housing.

Response to the public service announcements yielded 554 respondents. Given what was learned from the national sample, it is not surprising that a significant number of callers with problems were single parents and had lower incomes and larger families than the average renter: 35 percent had three or more children; 19 percent had four or more. But in fact a majority of callers were married and a majority had fewer than two children. Almost a fifth had incomes over $20,000. In other words, this survey suggests that exclusionary practices affect all families with children, whatever their characteristics.

Feelings were never intended to be captured by statistics. As National Neighbors representatives listened to the calls, they recorded not statistics but deeply felt expressions of frustration, anger, confusion, desperation, and depression. Emotional responses came from parents confronting what were considered arbitary policies restricting the number of children, their "acceptable" ages, or a child's sex; and they expressed fears about available housing opportunities as a result of such restrictions.

Almost half the callers complained of having to live substandard housing. The most frequently mentioned conditions were holes in the walls, ceilings, or floors; rats, roaches and severe plumbing problems.

Although about a third of the respondents complained of overcrowding, the perception of overcrowding differed slightly from HUD's standard measurement of 1.0 persons or less per room. A partial explanation of this discrepancy is tied to the substandard conditions already noted. For example, those renters who cannot make use of all their living area because poor insulation, leaky windows and high fuel costs make it impossible to heat all the rooms, find the one-person-per-room ratio irrelevant. Another explanation for the overcrowding complaint is the number of respondents who were currently living with friends or family—19 percent. An even greater number—44 percent—had lived with family or friends during the previous year as they sought to find a place that allowed children. A few desperate families reported that a car or van, an abandoned building, or a campsite was their "residence" for a period of time during their housing search.

Even those families that own a mobile home face exclusionary policies against children. They reported that many trailer parks were changing their policies to exclude families like themselves.

Associated problems reported by families include limited access to quality schools and day-care centers because they could not rent in a preferred area. Other families mentioned having to live where public transportation was inconvenient or nonexistent thus forcing them to walk or drive long distances for shopping or work. Not being able to live within reasonable distance of a job also put strains on a family because the family earner(s) had less time to be with the children than was considered desirable.

Some of the most poignant emotions were expressed by parents who felt dehumanized and insulted by the assumptions underlying exclusionary rental policies: that children are destructive, that parents are unable or unwilling to discipline their children, that families are simply undesirable tenants. For many of these parents, the latest rhetoric preserving the family must seem rather hollow as they struggle to find the kind of housing that allows them to keep their families together.

Table 4

Perceptions of Problems with Children by Managers of Rental Units with and without Policies/Restrictions on Children (percentage distribution)

Possible Problems	A Big Problem	Somewhat of a Problem	Not a Problem	Total	Number of Respondents
High Maintenance Costs					
No children accepted	49	37	14	100	155
Children accepted with limitations	34	48	18	100	292
Children accepted without limitations	25	49	26	100	160
All	35	46	19	100	607
Unsupervised Children					
No children accepted	54	29	17	100	153
Children accepted with limitations	31	43	26	100	292
Children accepted without limitations	27	36	37	100	162
All	36	37	27	100	607
Teenage Parties					
No children accepted	39	33	28	100	149
Children accepted with limitations	13	35	52	100	287
Children accepted without limitations	20	35	45	100	159
All	22	34	44	100	595
Noisy Children					
No children accepted	39	46	16	100	156
Children accepted with limitations	19	49	32	100	297
Children accepted without limitations	10	44	46	100	159
All	22	47	31	100	612

Source: Ibid.

In the National Neighbors round-table discussions, owners/managers were in agreement that "damage and vandalism of rental property are the major problems encountered by apartment owners who lease units to families with children." Interestingly enough, their concern about property damage was associated with two-earner and single-parent families who, they believed, would not or could not properly supervise their children.

How to interpret the attitudinal data on managers as reported by both the University of Michigan and National Neighbors is somewhat perplexing. As far as can be determined, there are no empirical studies comparing maintenance costs in buildings which do and do not rent to children. Nor is there any evidence supporting managers' reports of higher costs for rental units leased by families with children.

The University of Michigan data do, however, suggest a good deal of misperception about problems in renting to children. The fact of the matter is that managers who do rent to children are far less likely to say that children create "big problems."

Exclusionary practices against families are not generally treated as discriminatory under Federal, state, or local law. However, as exclusionary practices increase, there is increasing attention to this problem in courts and legislatures. This is the topic of the next Chapter.

Erica Machonis, age 4

Chapter 6 The Legal Status of Exclusionary Policies Affecting Families with Children

In most of the United States, the legal status of housing policies that restrict the access of families with children is in the early stages of evolution, and the direction that legislation and litigation will take is still unclear. Although the issue is not new, it is one which is resurfacing. Involved is a real issue about the rights and preferences of several groups: families with children; the elderly, the handicapped (who include many children), and those who prefer not to live near children; and the owners and managers of residential property. With respect to age, there is already an established precedent of housing designed exclusively for the elderly, and this has both public and private support. Not enough is known about the economics of the housing market response to changing demographics. There is little documentation on varying maintenance costs for different groups, for example.

A bewildering maze of local zoning and land-use ordinances regulate what can be built where, and local occupancy standards may limit the numbers of persons that can occupy residential units of different sizes and types. These regulations make the boundaries between discrimination on the one hand, and economic and public interest on the other, difficult to assess. Finally, social attitudes, public laws, and judicial decisions are constantly changing in response to both long-term developments and immediate concerns.

There has been some concern that exclusionary policies or limitations on rentals to families with children may screen racial or sex discrimination. The findings from the national survey discussed in the previous chapter demonstrate that exclusionary policies affect the whole range of renter families with children. These findings do not preclude the possibility that some landlords may use these policies as a cover for other types of discrimination; this has not yet been tested.

Very few recent court decisions specifically address the issue of rental policies with respect to children. As a result, lacking federal, state, or local statutes on the subject, the legal status of the issue is neither clear nor predictable. The dearth of directly relevant case law necessitates turning to related (but different) legal issues to assess possible outcomes.

Legal issues are addressed in relation to three areas: federal and state constitutions, statutes (and their implementation), and the courts' review of the constitutionality of legislation and its implementation. In the United States, property law has traditionally been the responsibility of state and local governments. Although the federal government has been involved in housing and urban development since the 1930's, the regulation of housing and land use—except in the area of civil rights—still remains primarily a matter for state and local governments. The principal form of federal intervention arises when cases require the federal courts to rule on the constitutionality of a particular regulation.

Although federal, state, and local laws and court decisions related to housing discrimination, zoning, and land use are inextricably inter-related, for simplicity's sake the following summary attempts to review them separately.

Housing Discrimination

Federal Constitution. The broadest and most authoritative federal document is the Constitution of the United States. The Fifth and Fourteenth Amendments of the Constitution provide broad protection by prohibiting the taking of life, liberty, or property without due process and the denial of the equal protection of the law to any person.

Federal Statutes. The first federal housing programs, FHA mortgage insurance and public housing,[1] were created in response to the Great Depression. They and most subsequent housing and community development programs have as a general purpose the realization of "a decent home and a suitable living environment for every American family."

In 1950, Congress legislated against the exclusion of families with children in the basic FHA multifamily mortgage insurance program (Section 207, originally passed in 1938). This prohibition has been extended through HUD regulations to the multifamily housing programs subsequently added. However, public housing and FHA programs may also provide housing designed especially for the elderly and handicapped, and these are excluded from the prohibition.[2]

The primary direct federal intervention in property rights has been the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, [3] which prohibits discrimination in the sale or rental of housing on the basis of race, color, religion, or national origin. (Sex was added to the protected classes in 1974.)

This act does not address age or child discrimination.[3] It could, however, be amended to do so were it demonstrated that such protection were needed. That the Congress has not taken such action may be its belief that it is more appropriate for states and localities to deal with the issue. It may also be due to lack of information about the extent of the problem. Legislation currently being considered by Congress focuses on increasing HUD's enforcement role and tools rather than on extending the protected classes (except for the handicapped). It is unlikely that most civil rights advocates would wish to add children to the protected classes until the pending legislation is passed in the desired form. Such a move now might splinter the supporting groups and reopen the Congressional alignments.

Refusals to rent for reasons other than those expressly prohibited by Title VIII are viewed as permissible. Several courts have upheld this view.[5]

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[1]National Housing Act of 1934 (P.L. 73-479) and U.S. Housing Act of 1937 (P.L. 75-412).

[2]Originally passed in 1950, 64 Stat. 52, the provision was changed in 1954 to exempt housing designed for the elderly. In 1959 the exemption was removed (P.L. 86-372, Section 104(e)(1)). The regulations, however, appear to maintain the distinction between elderly and non-elderly rental housing.

[3]P.L. 90-284, P.L. 93-383.

[4]The act provides for administrative remedies through the investigation of complaints and attempts at resolving them through conciliation. HUD may also refer complaints to state and local fair housing agencies when they afford protection substantially equivalent to federal law. Executive Order 11063 extends the prohibition against discrimination to all housing or related facilities that are federally assisted, insured, or guaranteed and to the lending practices of institutions making federally insured or guaranteed loans.

Federal Judicial Remedies. The Supreme Court has not as yet directly addressed the issue of exclusion of families with children from rental housing.

The due process clause of the Fifth Amendment and the equal protection clause of the Fourteenth Amendment to the Constitution prohibit federal or state actions denying individuals equal protection under the law. Courts can review such questions when individuals adversely affected by a public or private action challenge the action. Federal courts can review a state court decision affecting private actions. In addition to enforcement of any private action, any local government action undertaken as a result of powers delegated from the states is considered a "state action." Usually "invidious" (impermissible) discrimination must be shown for federal courts to upset a state action on constitutional grounds.

To date, neither families nor chidren have been found to be a "suspect" classification by the Supreme Court. A suspect classification is a judicially recognized category to which the courts give greater consideration and which is usually subject to stricter review. Clearly suspect are classifications based on "immutable characteristics" or accidents of birth.[6] The Supreme Court has rejected age as a suspect classification.[7]

Neither has the Supreme Court recognized the right to housing as a fundamental right. The Court has shown an unwillingness in recent years to expand the fundamental rights category.[8] Indeed, increasingly the protection of individual rights has devolved upon the state courts. In part, this has resulted from Supreme Court interpretations of the substantive content of federal constitutional rights and, in part, by procedural restrictions on access to federal courts.

The right to family and to procreation, is on the other hand, recognized as a fundamental right.[9] If a family is forced to choose between having or keeping children or retaining their housing, their potential exclusion may arguably be said to infringe upon their fundamental right to family. In *Moore v. City of East Cleveland,*[10] the U.S. Supreme Court struck down a zoning ordinance limiting occupancy within a single structure to members of the same family, with family narrowly defined to exclude certain blood relations, in this case two grandsons (who are cousins). Members of the Court stated that "The Constitution prevents East Cleveland from standardizing its children – and its adults – by forcing all to live in certain narrowly defined family patterns" and that the ordinance constituted "a taking of property without due process and without just compensation."

In *Dandridge v. Williams,*[11] which upheld the right to place a maximum on welfare payments to a single family regardless of family size, the Supreme Court decision, although it did not directly discuss the right to procreate, has been interpreted to allow that not all infringements on procreation are unconstitutional.[12]

The equal protection clause of the Constitution does not prohibit purely private discrimination. But states or state courts may not enforce private discriminatory actions that are outlawed or unconstitutional; i.e., a racially restrictive residential convenant[13] or eviction grounded upon unconstitutional discrimination.[14] In the latter case, if judicial enforcement of an eviction were sought, such enforcement would constitute a state action and, therefore, would be subject to possible review. On the other hand, in the case of a private landlord's refusal to rent, the Constitution itself affords no implicit protection.

State Constitutions. State constitutions also provide due process and equal protection. States may enlarge but not abridge federally guaranteed rights. Indeed, several state constitutions offer broader protection than the federal Constitution.

State Statues. Eight states (and the District of Columbia) have statutes specifically prohibiting discrimination against families with children in rental housing. Four of these are of long standing. New Jersey [15] enacted its first version in 1898, followed by Illinois[16] in 1909 and New York[17] and Arizona[18] in 1921. Massachusetts[19] and Delaware[20] enacted their statutes in 1971. In 1980, Connecticut[21] and Minnesota[22] joined their ranks.

Such statutes can provide relief from the problem. Although they have not been tested for constitutionality in the courts, it is likely they would be upheld because the Supreme Court has recognized the broad scope of permissible state actions with few restrictions. State legislatures have extremely broad powers in determining what actions to restrict and what remedies to provide.

These statutes vary in their personal and property coverage and exclusions as well as in enforcement mechanisms, remedies, and sanctions. For example, children are defined as being under 14 in Illinois and New Jersey. Presumably in the other states, children are defined as being up to the age of majority, usually 18. Delaware and Minnesota prohibit discrimination based on age as well as on children. Arizona prohibits advertising the exclusion of children.

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[5]See, for example, *Boyd v. Lefrak Organization,* 509 F 2d 1110 (2nd Cir. 1975), and *Fred v. Kokinokos,* 347 F. Supp. 942 (E.D.N.Y. 1972).

[6]*Weber v. Aetna Casualty and Surety Co.* 406 U.S. 164 (1972), *Loving v. Virginia,* 388 U.S. 1 (1967).

[7]*Massachusetts Board of Retirement v. Murgia,* 427 U.S. 307 (1976).

[8]*Lindsey v. Normet,* 405 U.S. 56 (1971) on the right to housing; see also *San Antonio Independent School Dist. v. Rodriquez,* 411 U.S. 1 1973; *Frontiero v. Richardson,* 411 U.S. 677 (1973). Also, Andre R. Jaglom, "Protecting Fundamental Rights in State Courts: Fitting a State Peg to a Federal Hole," 12 *Harvard Civil Rights Civil Liberties Law Review* 63 (1977); also Justice Brennan "State Constitutions and the Protection of Individual Rights," 90 *Harvard Law Review* 489 (1977).

[9]*Cleveland Board of Education v. La Fleur,* 414 U.S. 632 (1974); *Griswold v. Connecticut,* 381 U.S. 479 (1965); *Skinner v. Oklahoma,* 316 U.S. 535 (1942), *Meyer v. Nebraska,* 262 U.S. 309 (1923).

[10]431 U.S. 494 (1977).

[11]397 U.S. 471 (1970).

[12]Several years later, Justice Powell cited the Dandridge decision in making that observation *Cleveland Board of Education v. La Fleur,* 414 U.S. 632, 651 (1974) (Powell J., concurring).

[13]*Shelley v. Kraemer,* 334 U.S. 1 (1948).

[14]*Abstract Investment Co. v. Hutchinson,* 204 Cal. App. 2d 242, 22 Cal. Reptr. 309 (1962).

[15]N.J.L. 1898, Ch. 235 at 794.

[16]Ill Rev. Stat. Ch. 80 #37 (1973).

[17]N.Y. Real Prop. Law #236-237 (Consol. 1968).

[18]Arizona Rev. Stat. Ann. #33-1317A, #33-303(A) (Supp. 1977).

[19]Mass. Gen. Laws Ann. Ch. 151B (West 1976).

[20]Del. Code Ann. Tit. 25, 1# (1975).

[21]Public Act 80-449, effective May 16, 1980 until June 30, 1982.

[22]Public Law 1012 1980, Chapter 531 of 1980 Session Laws, amending Minnesota Statutes of 1978, Chapter 363, April 11, 1980.

Several statutes prohibit different terms in renting to families with children.

In Delaware, Illinois, New Jersey, and New York, all rental properties are covered, with no express exclusions. In Arizona, "adult-only" units are excluded since 1975, significantly weakening the protection provided. In the other three states, various exclusions from their laws exist for particular types of housing situations; for example, condominiums whose bylaws prohibit children, one and two family houses, small owner-occupied structures, or even small subdivisions. However, elderly housing is generally excluded.

Enforcement mechanisms, remedies, and sanctions are crucial to the effectiveness of these statutes. Only Massachusetts provides an administrative enforcement mechanism. Responsibility for hearing complaints is lodged in the Massachusetts Commission Against Discrimination. It has subpoena powers and can award damages of up to $1,000, exclusive of attorneys' fees.

A major shortcoming of most state statutes is the absence of an effective enforcement mechanism. Recourse is usually through the Attorney General's office. This route may be time consuming and still not provide the desired housing. There is not always a provision for damages. Damages would normally be minor and hard to prove. All of the statutes provide for penalties or fines on landlords but typically these are low – in the range of $25-300. In New Jersey, however, the penalty may be up to a fine of $500 or one year in jail or both. In Massachusetts damages up to $1,000 can be levied.

In addition to statutes specific to the problem of housing discrimination against families with children, some states now have prohibitions against discrimination based on age in their fair housing or civil rights laws.[23] Yet because age is not always mentioned in the more specific sections dealing with housing and real property transactions, and because exclusions vary, such as for retirement communities, it is not clear how many of the latter really address the issue of housing families. In New Hampshire and Washington state, for example, "age" does not cover children.

State Judicial Remedies. In the absence of specific statutes, victims have to turn to the courts. One possible judicial remedy is the concept of public policy – courts will not enforce contracts or agreements contrary to public policy, i.e., what the court interprets the intent of the legislature to be. This route usually cannot be used to force a landlord to rent but it may be of use where a landlord attempts eviction.

In *Lamont Building Company v. Court*,[24] the only case in which the situation occurred, the Court was persuaded that a restriction on children violated public policy. However, the Ohio Supreme Court reversed the decision, pointing out the need for the courts to exercise care not to infringe on private contract rights "not clearly opposed to some principle or policy of the law." That was in 1946. Although the courts today are more likely to be sympathetic to the rights of those discriminated against, they may also be sensitive to the needs of the large numbers who may (or may appear to) benefit from such policies – in particular, the elderly.

The second potential remedy is "unconscionability" – what a reasonable person might perceive to be outrageous or unacceptable in a particular situation. For example, in cases of severe housing shortage, a court might refuse to enforce a lease restriction on children. Evictions might also be ruled against if the court determines that the violation is not a substantial enough infringement on lease restrictions to warrant eviction. (This might apply to pets more readily than to children.) Again, this argument is more easily resorted to by those facing eviction than by those refused a rental.

In *Marina Pt. v. Wolfson*,[25] two California courts upheld a lease barring children without prior consent. At the time the Wolfsons moved in, the complex accepted families with children. Thereafter, the policy was changed to exclude children except for those already living there. After the policy change, the Wolfsons had a child. The landlord sought their eviction. Two of the three courts hearing the case found in favor of the landlord. Their decisions found this purely private decision to evict did not violate either the State Civil Rights Act or Fair Housing Law – since children were not specifically included in the protected classes – and did not constitute the type of invidious discrimination prohibited by the Fourteenth Amendment. This case was argued before the California Supreme Court on June 9, 1980, and a decision should be handed down within three months of the hearing.

The courts have not dealt with many cases involving adult-only and retirement communities. It appears that courts recognize the special needs of senior citizens and that reasonable efforts to meet those needs will be upheld.[26]

Local Statues. Several localities[27] have viewed their local rental markets as sufficiently restrictive to warrant the enactment of anti-discrimination statutes aimed at families with children. Others are considering passage of such. These are of recent vintage and vary in coverage and enforcement provisions.

San Francisco has one of the more comprehensive statutes. San Francisco's ordinance covers both refusal to rent and eviction. It prohibits advertising that suggests preference based on family composition. It includes all rental property with no

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[23]Michigan is one example; Michigan Comp. Laws Annotated, Chapter 37, 2101. In the opinion of the Attorney General (Opinion No. 4953, 1976) children are covered. Michigan's statute covers sales and rental housing.

[24]45 Ohio Abs. 250, 66 N.E. 2d 552 (Ct. App.), Rev'd, 147 Ohio St. 183, 70 N.E. 2d 447 (1946).

[25]158 Cal. Rptr. 669 (1979).

[26]In *Riley v. Stoves*, an Arizona court upheld the constitutionality of covenants restricting children in a retiree trailer community. 22 Ariz. App. 223, 526 P. 2d 747 (1974). 68 A.L.R. 3d 1239 (1976). The Florida Supreme Court found limitations or restrictions a reasonable way to accomplish the lawful purpose of providing appropriate facilities for the differing housing needs and desires of varying age groups. *White Egret Condominiums, Inc. v. Franklin*. 379 So. 2d 346 (1979). See also *Taxpayers Association of Weymouth v. Weymouth Township*, 71 N.J. 249 (1976).

[27]Berkeley, Davis, Los Angeles, San Francisco, Santa Clara, Santa Monica, and Oakland in California; Seattle and Mountlake Terrace, Washington. The District of Columbia passed such an amendment to its Human Rights Act, D.C. Act 3-191, on May 23, 1980. In addition, Fresno, California, has passed a zoning ordinance which provides balanced neighborhoods for family housing by creating overlaying zoning districts which can include multi-family housing occupied by families with children.

exclusions and prohibits different rents, services, or terms for families with children. Enforcement is through the District Attorney and includes the right to subpoena, hearings, and use of cease and desist orders, fines of from $250 to $500, and possible criminal prosecution. (Higher penalties have been obtained under the state's Unfair Business Practices Code.)

Santa Clara's ordinance is of interest because it covers all housing discrimination based on age excepting senior citizens housing and trailer parks. However, the ordinance was challenged on several grounds: that it was pre-empted by state housing laws, that it invaded privacy and interfered with private contract, and that it did not have environmental clearance. It was declared unconstitutional and the county is presently appealing.[28]

Where a breach of the law is considered a misdemeanor, as in Santa Monica, strict enforcement could have a deterrent effect. However, in general, without speedy enforcement mechanisms, legislation in this area may be of limited value because of both time and cost and because families barred from housing will seek alternatives quickly. Another shortcoming of legislation barring prohibitions against children in rental housing without exceptions is the additional disincentive it may provide for new multifamily construction, already at low levels in many localities. Simultaneously, such statutes might accelerate conversion to condominiums since, in many instances, the statutes apply only to rental housing. However, both new construction and conversions are affected by many other factors of importance.

At the local level, there is also the danger that enactment of laws in a few jurisdictions, rather than statewide, would result in an over-concentration of children in the one or two protected communities within a large metropolitan area. Individual local action might also have adverse impacts on relative tax bases and service demands among neighboring communities.

Zoning and Land Use

A complementary activity is to attempt to increase the supply of multifamily rental housing, particularly for low- and moderate-income families, by influencing state and local land use and zoning laws and regulations. Zoning is not a constitutional issue unless it violates individual rights. It is part of the state police power to protect health, safety, public morals, and welfare, and can be (and usually is) delegated to localities. It then becomes a "state action" when exercised as a delegated power (or when judicially enforced).

Some states have attempted to enrich the mix of local housing stock through legislation directly affecting local zoning. The Massachusetts' "anti-snob" zoning law[29] is a unique example; it provides for state review of the denial of local permits where a locality has not met its defined quota of housing in terms of regional needs. The State Housing Appeals Commission can override local actions. Zoning is, however, carried out at the regional, county, or local level. And it is at the local level where these policies would be implemented.

The major thrust of this route is to open up the suburbs to a wider variety of housing types. As mentioned in the chapter on supply constraints, too often the suburbs surrounding large cities use their zoning and land-use ordinances in an exclusionary manner. A number of court cases have addressed this issue.

One such case, *United States v. City of Black Jack, Missouri*,[30] brought under Title VIII by the U.S. Department of Justice, involved alleged racial discrimination as a result of local zoning which precluded a proposed multifamily Section 236 project.[31] The Courts found that motivation need not be established if the effect of policy resulted in racial discrimination. One possible extension of the decision might be, if children are prohibited in rental housing, minority or female-headed families with children could claim racial discrimination or sex-based discrimination because such families are disproportionately represented among renters. In this instance, an "effects" test would be operative.

Other decisions require victims to prove both discriminatory effect *and* intent. For example, in *Village of Arlington Heights v. Metropolitan Housing Development Corporation*,[32] the Supreme Court stated that "proof of racially discriminatory intent or purpose is required to show a violation of the Equal Protection Clause."

There is always some uncertainty about how far courts would go based upon effects demonstrated by data, especially so long as other data could be used to demonstrate other differences, e.g., economic. Data collection may be more useful for the purpose of changing legislation.

Most zoning cases, however, do not get past state courts. There are few cases involving zoning discrimination against children, and courts vary in their opinions. What documentation would establish a successful defense is still not entirely clear.

Cases involving restrictions on apartment size are also pertinent. In the Glassboro, New Jersey, case,[33] the court found invalid an attempt to amend the zoning ordinance to increase the percent of one-bedroom units. The court emphasized the need for less expensive apartments and also questioned the use of local zoning to restrict population to adults and to exclude children.

—There is a right to be free from discrimination based on economic status. There is also a right to live as a family, and not be subject to a limitation on the number of members of that family in order to reside any place. Such legal barriers would offend the equal protection mandates of the Constitution. [The court also stated] The attempt to equate the cost of education to the number of children allow-

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[28] Santa Clara Ordinance Code, Chapter 6, Div. B13, Title B. Santa Clara County Sup. Ct. #422070. Now pending in Cal. 1st District Court of Appeals, Case #1 Civil 47586.

[29] Mass. Gen. Laws Ann. Ch. 40B, Secs. 20-23 (1971).

[30] 508 F 2d 1179 (8th Cir. 1974), cert. denied, 422 U.S. 1042, rehearing denied, 423 U.S. 884 (1975).

[31] The Justice Department brought five such cases between 1968 and 1979. It recently filed suit against the City of Dunkirk, New York, for using zoning and building codes to prevent construction of low-income housing in primarily white areas of the city.

[32] 429 U.S. 252, 265 (1977).

[33] *Molino v. Borough of Glassboro*, 116 N.J. Super. 195, 281 A. 2d 401 (Law Div. 1971). See also *Oakwood at Madison v. Township of Madison*, 128 N.J. Super. 438, 320 A. 2d 223 (Law Div. 1974) in which the court struck down restrictions against large apartments and large lot requirements.

ed in a project or a community has no relation to zoning. The governmental cost must be an official concern but not to an extent that it determines who shall live in the municipality. With all our advances in expertise, it is doubtful if the cost for educating children can ever be a profitable undertaking.

In the same year, a Maryland court[34] upheld the denial of a special permit to increase the percentage of two-bedroom units on the grounds that it was a reasonable device to regulate density and the strain on already overcrowded schools. Thus the court stated that the findings leading to the denial of the permit "were not arbitrary or capricious."

These two cases illustrate both the uncertainties inherent in seeking judicial remedies and the importance of the individual circumstances involved in a case.

In the landmark case of Mt. Laurel,[35] a unanimous New Jersey Supreme Court invalidated Mt. Laurel's zoning ordinance permitting only single-family detached dwellings. The grounds were that it failed to provide a realistic opportunity for development of low- and moderate-income housing. Relying on both the due process and equal protection clauses of the state constitution, the court placed a presumptive obligation on each *developing* municipality to regulate its land in a manner permitting residential development for a "fair share" of its region's housing needs. The court suggested that regional zoning and land use regulation would be the logical next step. This was the first time a court has made such a statement. (However, had a remedy been proposed by the court, it would have been limited by New Jersey legislation restricting zoning to individual municipalities.) The court's advanced statement of anti-exclusionary doctrine is especially significant because the rationale for upholding exclusionary zoning was well developed earlier in New Jersey courts.[36]

Doubt has been expressed about effective judicial remedies to enforce such a broad decision as that handed down in the Mt. Laurel case. A subsequent decision attempted to modify the outcome without directly taking a position either requiring or precluding specific fair-share formulas.[37] The New Jersey Supreme Court recently granted certification to several zoning cases in order to reassess decisions on exclusionary land use. These will probably be reviewed in the fall of 1980. The court's opinion in these cases will be its most comprehensive statement on exclusionary zoning since Mt. Laurel and will determine the future pattern of New Jersey zoning.

The New Jersey Supreme Court has not construed the Mt. Laurel decision to prohibit zoning for senior citizens' projects. These have been upheld in New Jersey.[38]

In recent years, a number of communities have attempted to control, slow, or even halt growth.[39] These efforts also have been challenged in the courts. In upholding the Petaluma, California, growth control ordinance, the court stated that "it is the state legislature's and not the federal court's role to intervene and adjust the [zoning] system."[40] The other well-publicized case, *Golden v. Planning Board of Ramapo*,[41] also resulted in the ordinance being upheld in the state court.

Recent efforts to develop inclusionary zoning, i.e. zoning requiring that a certain percentage of new units be designated for low- and moderate-income families with children, have been drawing increasing interest. Although mostly aimed at single-family homeownership, inclusionary zoning can also cover multifamily rental units.

California developed a Model Inclusionary Zoning Ordinance in 1978, and some California localities are experimenting with it. Montgomery County, Maryland, has such an ordinance and permits developers required to participate (those with developments over a certain size) to increase density in their developments. In Fairfax County, Virginia, a similar ordinance was invalidated by the court's findings[42] that socio-economic zoning is beyond the bounds of traditional zoning and that inclusionary ordinances violates the "free market." Unless the government is willing to cover any additional costs of units—and these can be high in high-cost areas—an equity issue arises. Who shall pay for any such costs resulting from inclusionary zoning—other purchasers or renters?

Some Concluding Remarks

Implementation of decisions such as that in the Mt. Laurel case can be blocked, or at least slowed, by localities in numerous ways, such as moratoria on building permits and sewer hook-ups or disapproval of building plans on various grounds. In addition, as our findings in the just-completed national rental survey show, the presence of family-sized apartments does not necessarily guarantee the presence of families with even one or two children in those units. Obviously, occupancy practices play an important role.

Certainly one solution would be an increased supply of family-sized rental units. In the absence of special incentives for this purpose, however, HUD increasingly becomes the houser of last resort. It would also appear that where legislation directed at the exclusion of families with children seems warranted by local circumstances, it is at the local level that the issue might most appropriately be addressed. The problem would be more quickly diagnosed and more easily voted on locally, and the solutions adopted could be more sensitive to the realities of the particular local housing market. The recent amendment to the District of Columbia Human Rights Act,

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[34] *Malmar Associates v. Board of County Commissioners for Prince George's County*, 260 Md. 292, 272 A. 2d 6 (1971).

[35] *Southern Burlington County NAACP v. Township of Mt. Laurel*, 67 N.J. 151, 336A. 2d 713 (1975), appeal dismissed, 423 U.S. 808 (1975).

[36] *Lionshead Lake Inc. v. Township of Wayne*, 10 N.J. 165, 89 A. 2d 695 (1952); *Fischer v. Town of Bedminster*, 11 N.J. 195 129 (1962), appeal dismissed, 371 U.S. 233 (1963).

[37] *Oakwood at Madison, Inc. v. Township of Madison*, 117 N.J. Super. 11, 283 A. 2d 353 (1971), 371 A. 2d 1192 (1977).

[38] *Taxpayers Association of Weymouth v. Weymouth Township*, 71 N.J. 249 (364, ATL. 2d 1016) (1976); *Shepard v. Woodland Township Committee and Planning Board*, 71 N.J. 230, 36 A 2d 1005 (1976).

[39] Herbert M. Franklin, *Controlling Urban Growth-But For Whom?* Potomac Institute, 1973.

[40] *Construction Industry Assn. v. City of Petaluma*, 522 F 2d 897 (9th Cr. 1975), cert. denied, 424 U.S. 934 (1976), reversing 375 F. Supp. 574 (N.D. Cal. 1974).

[41] 30 N.Y. 2d 359, 285 N.E. 2d 291, Appeal dismissed, 409 U.S. 1003 (1972).

[42] *Board of Supervisors of Fairfax County v. De Groff Enterprises*, 214 Va. 235, 198 S.E 2d 600 (1973).

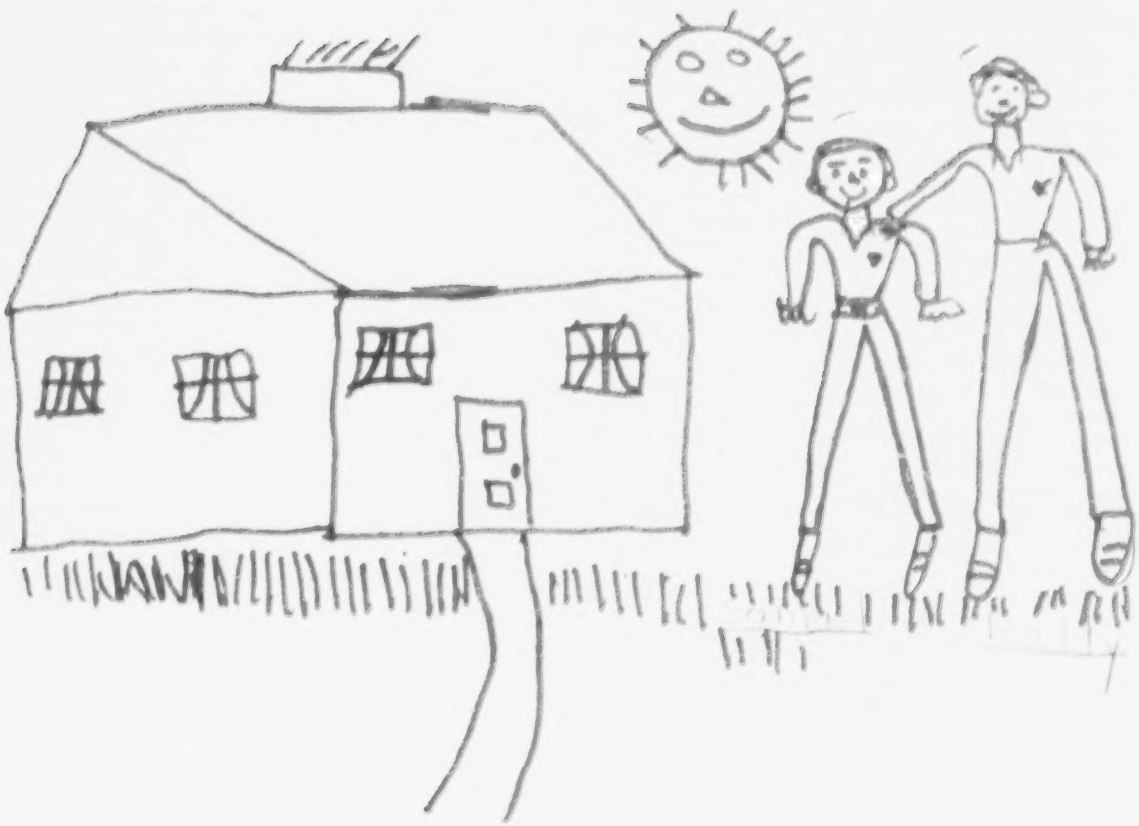
passed in response to the urgency of the situation, provides for higher than usual occupancy standards. With respect to families with children, it prohibits occupany practices more restrictive than two persons in an efficiency and two persons per bedroom plus one additional person in larger units. The legislation of such standards could be used to argue for attacking acute problems at the local level.

In California, where most local ordinances aimed at exclusionary policies toward children exist, attempts to pass state legislation have failed several times in recent years (as have just cause eviction and other protective measures).

In the Gallup poll prepared for the recent White House Conference on Families, 57 percent of respondents favored outlawing discrimination in housing against families with children or against single-parent families, 35 percent were opposed, and 8 percent had no opinion.[43]

In preparing this overview, it soon became clear that legislative action at the state and local levels was occurring simultaneously with our research. As a result, we may not have captured all the desired information. Obviously, this is a live and dynamic issue. It is likely to remain so. It is one that should command attention. The Children's Defense Fund recently announced a new national network to combat housing discrimination against families with children. This network will provide a valuable focus for the discussion, monitoring, and exchange of information needed to work toward effective solutions.

[43]The Gallup Organization, *American Families – 1980: A Summary of Findings*. Princeton, N.J. The full report is available from the American Research Corporation, P.O. Box 7849, Newport Beach, California 92660.



Samuel Hodges, IV, age 7

Chapter 7 HUD Programs: How Well Do They Serve Families?

In order to assure "a decent home and a suitable living environment for every American family,"[1] which is HUD's mandate, the Department has a variety of tools. For example:

- HUD provides subsidies to both renters and homeowners.
- It both provides subsidies to, and promotes housing opportunities for, households with special needs, e.g., the elderly and the handicapped.
- It promotes housing opportunities in both the single-family and multi-family markets through mortgage insurance.
- It facilitates the flow of funds to housing through its support of secondary mortgage market activities and, in times of low construction activity, through subsidized interest rate.
- It promotes equal access to housing and to mortgage credit through its fair housing programs.
- It provides support to community development and revitalization through the Community Development Block Grant program.
- It provides financial assistance to states and localities for planning their communities, including housing planning.

To fully answer the question of how well HUD is serving families with children would require a comprehensive evaluation of *all* of HUD's diverse efforts, and is well beyond the scope of this report. Instead in this chapter, we briefly examine several of the most relevant HUD housing programs to determine to what extent *they* serve families with children. In addition, we review the status of HUD community and social services and look at policies limiting children in a sample of HUD-insured multifamily projects.

There is no one measure for judging how well a program meets its objectives, so at the outset it may be helpful to distinguish between housing needs, housing goals, specific program goals, and program eligibility. As we have seen, the need for housing is influenced by demographic and household trends but it may also be defined to cover the quality and cost of housing. People who live in physically inadequate housing or who must pay an excessive proportion of their income for housing can be said to "need" housing. Housing goals may be general—"a decent home;" the upgrading or removal of inadequate stock; affordable adequate housing—or specific, as in annual authorizations of funds for HUD to assist so-and-so many low-income households in a program year. Program eligibility, however, is usually expressed in terms of income and family size, whether or not the family is housing "needy."

Most important to understanding HUD's programs is that the housing or assistance cannot be imposed by mandate. The programs are offered. Whether they are used depends in part on HUD implementation but also on state and local governmental agencies and eligible individuals. As a result, whether and how much particular HUD programs are used depends on the incentives of the various programs, outreach, local receptivity, local housing market conditions, availability of suitable land or housing, the amount and type of paperwork, and a variety of other federal and local conditions.

In addition, most of HUD's programs are limited in the sense that the amount of funding made available is small relative to need. Moreover, there are mortgage limits for different types of units and structures, and limits on eligibility. These are determined initially by the Congress and implemented by HUD through its regulations and guidelines. Since funds appropriated or authority granted by Congress are insufficient to house all those potentially eligible for the various programs, the way funds are allocated and reallocated is also important. The entire process of translating legislated programs into actual housing assistance delivered is, in a word, complex.

Multifamily Rental Housing: Who is Served?

One of the primary ways HUD meets families' housing needs is through subsidies to the rental housing market. Table 1 displays activity levels in the four largest housing assistance programs as of September 30, 1979. These are all forms of Section 8, public housing, Section 236, and rent supplements.[2] Of the 2.5 million units of multifamily assisted housing now occupied, almost 1.2 million of 46 percent are in public housing. As indicated by the units planned and in the pipeline, the mix of units in Section 8 is gradually changing from predominantly existing units to a rough balance between existing and new and/or rehabilitated units. The bulk of new construction is taking place under Section 8 rather than public housing. Rent supplement and Section 236 account for 0.6 million units; most of these are occupied. The Section 236 program is presently inactive; remaining units under construction consist of commitments made before the moratorium of January 1973.[3]

Table 2 shows the characteristics of households utilizing these four programs in 1979. Although, the four programs serve predominantly low-income households, there are variations in the groups assisted by each. Rent supplements serve the lowest income household and Section 236 the highest. Public housing and rent supplement serve high proportions of minority households, as well as larger households. The relatively small number of occupied Section 8 new units serve the highest proportions of single person households and elderly households. Obviously, there is a high degree of overlap in some of the characteristics cited.

One way of assessing how well HUD programs serve families with children is to compare how many households are aided by these programs with estimates of how many are potentially eligible to use them. For this purpose, a recent HUD study examined these four multifamily housing assistance programs which should be expected to serve families.

The study compares the levels of occupancy for families of different size at

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[1] P.L. 81-171.

[2] All HUD programs reviewed in this chapter are described in Appendix C.

[3] Although predominantly multifamily, these programs contain some townhouses in new construction. In the Section 8 existing program, housing assistance may be made available to those renting single-family houses. The data used are program data as of September 1978. At that time, these four programs covered over two million occupied units. They represent the great bulk of HUD's assisted housing activities.

Table 1

Assisted Multifamily Housing Units Occupied and in Process, by Program, as of September 30, 1979

	Section 8			Public Housing	Section 236[b] Rent Supplement	Total Multifamily Subsidized
	New/SR[a]	Existing	Total			
Units Occupied	169,911	582,923	752,834	1,166,400	616,200	2,535,434
Reserved not occupied Pipeline:						
Completed but not occupied	23,863	121,744	145,607	33,600	—	179,207
Under construction	264,303	—	264,303	31,607	1,164	297,074
Reserved but not under construction, or existing units not executed (or existing units not executed)	188,384	89,773	278,157	136,629	—	414,786
Subtotal, Pipeline	476,550	211,517	688,067	201,836	1,164	891,067
Total Units Reserved as of September 30, 1979	646,461	794,440	1,440,901	1,368,236	617,364	3,426,501
Additional Units Planned for Reservation in FY 1980[c]	115,198	87,022	202,220	38,172	—	240,392

[a]Substantial Rehabilitation.

[b]Section 236 is inactive. Current activity consists mainly of commitments issued before moratorium of January 1973.

[c]Estimated.

Source: HUD Budget Office.

Table 2

Selected Characteristics of Recipient Households in Current Major Housing Assistance Programs, 1979

	Section 8 New Construction*	Section 8 Rehab.*	Section 8 Existing*	Public Housing+	Section 236+	Rent Supplement+
Household Characteristics						
Median Family Income	$4,860	$5,010	$4,830	$4,245	$6,774	$3,651
Annual Family Income						
Below $3,000	24	27	27	28	9	27
$3,000 to $4,999	41	34	38	32	22	33
$5,000 to $6,999	20	16	19	16	23	19
$7,000 to $9,999	12	15	13	12	30	8
above $10,000	3	7	4	11	15	1
Percent with Minority Head	20	53	40	68	35	68
Percent with Elderly Head	62	45	29	40	31	33
Percent with Female Head (figures to come)	71	67	75	70	59	37
Household Size						
Sngle person	62	51	32	33	35	15
2-4 persons	34	43	58	48	57	65
5-6	3	5	8	14	7	17
7 or more persons	0.4	0.6	2	5	1	3

*Data as of June 1979.

+ Data as of September 1979.

Source: HUD Program Data.

different income levels, and by race or ethnic group, with the estimated numbers of potentially eligible households in the same categories (Table 3).

Overall, the four programs serve about 6 percent of the 35 million eligible households. (As used here, to be eligible, the household had to have an income no greater than 80 percent of the local median income adjusted for household size.)[4] The percentages served by size of family are:

	1 Adult	2+ Adults
4+ children	24%	6%
1 to 3 children	17	4
No children	11	3
Elderly	11	3
Non-elderly	4	2

The study finds that the group served proportionately most frequently – over 24 percent of potentially eligible households – is the single-parent family with four or more children and an income 10-30 percent of the median (See Chart 1). The next largest group served is the single-parent family with 1 to 3 children, also most often in the 10-30 percent of median income range. At higher incomes, the programs serve progressively smaller percentages of eligible households. This is somewhat consistent with the limited goal of serving very low-income households,[5] but is less consistent with the policy of achieving an income mix in public housing. However, those with incomes below 10 percent of median have a very low participation rate.[6]

The relatively high participation rate of large households is primarily due to their strong representation in public housing, which is the oldest of the four programs, and their participation rate explains why public housing projects are perceived to have a lot of children. They do. This is so even though the selection criteria are designed to reach a variety of families. Since the composition of the public housing program has been influenced more by HUD than has the Section 8 program, it is not surprising to find large families served more frequently in this program. It must be kept in mind, however, that their actual numbers are low despite their relatively high participation rates.

The Section 8 program utilizing existing housing is able to serve smaller families better than larger families because large rental units may not be readily available. (Only about 10 percent of Section 8 existing households in the program contained 5 or more persons.) It also tends to serve more one-parent than two-parent families. The relatively high participation of single-parent families in both public housing and Section 8 housing may be due in part to self-selection. They may have the fewest private market options because of economic factors or discrimination and thus be more likely to turn to assisted housing. In addition, to date, Section 8 existing has served more minority families and fewer elderly families than Section 8 new.

Many projects have been built especially for the elderly. Their participation rates in the four programs can be explained by two factors. Many of the elderly are homeowners and unwilling to give up their homes to receive subsidies. If the elderly served are compared not with all eligible but only with elderly eligible renters, the percent of the single elderly who participate changes from 11 percent to 29 percent. Elderly projects are popular with the elderly and in many localities and have few vacancies.

Participating at relatively low rates are non-elderly one- and two-person households without children; these households are eligible for only 10 percent of public housing and Section 8 units. This policy contributes to the concentration of larger families and elderly

Table 3

Numbers of Households and Participation Rates in the Four Largest HUD-subsidized Multifamily Programs, 1978*

Numbers of Households and Participation Rates, by Race or Ethnic Group	Participation by Presence of Children		
	Total	**Households with Children**	**Households without Children**
Total Households	2,110,000	910,000	1,200,000
Participation Rate	6%	7%	5%
Whites	1,100,000	280,000	830,000
Rate	4%	3%	4%
Blacks	770,000	470,000	300,000
Rate	14%	20%	10%
Hispanics	160,000	110,000	50,000
Rate	7%	8%	6%

*The four programs are Public Housing, Section 8, Section 236, and Rent Supplements. Participation rate is the number subsidized as a percent of lower income households (as defined in the Section 8 Housing Assistance Payments Program).

Note: Numbers do not add up to totals because other races or ethnic groups are not included.

Source. Types of Families, Incomes and Races in Subsidized Housing, prepared by Paul Burke, U.S. Department of Housing and Urban Development, Office of Policy Development and Research, April 1980 (draft).

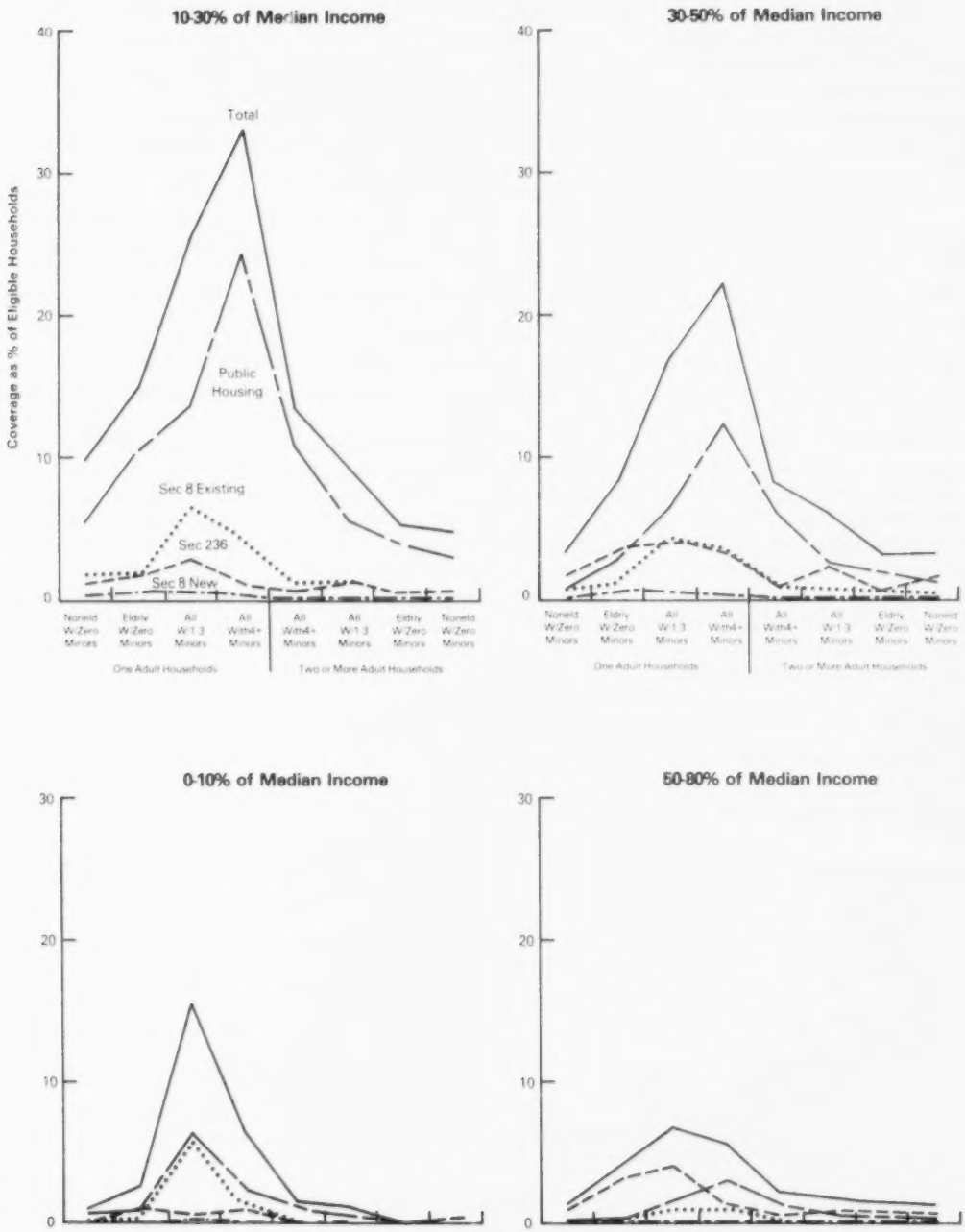
[4]The measure of eligibility used here is a rough approximation made for simplicity's sake and represents "low-income" in HUD parlance. In actuality, eligibility for the different programs varies slightly. Not all those estimated to be eligible are housing "needy." Of the 35+ million with incomes below 80 percent of adjusted medians, about 19 million or 55 percent were living in inadequate housing and/or were overcrowded and/or paid more than 25 percent of income for rent or more than 35 percent of income for homeownership costs. Comparable percentages by race and ethnic gorup are 52 percent white, 65 percent black, 65 percent Hispanic, and 61 percent other minorities.

[5]In low-rent public housing, at least 20 percent of families shall be of "very low income," and in Section 8 at least 30 percent of the units in any locality shall be for "very low income" households. Very low income is defined as under 50 percent of the adjusted local median.

[6]Some may be temporarily poor. However, participation rates may be even lower because some may be undercounted; the Annual Housing Survey excludes persons living in institutions and group quarters. If they are heavily represented in the latter, they may be unable or unwilling to receive HUD assistance.

Chart 1

Coverage by Subsidy Programs at Four Income Levels

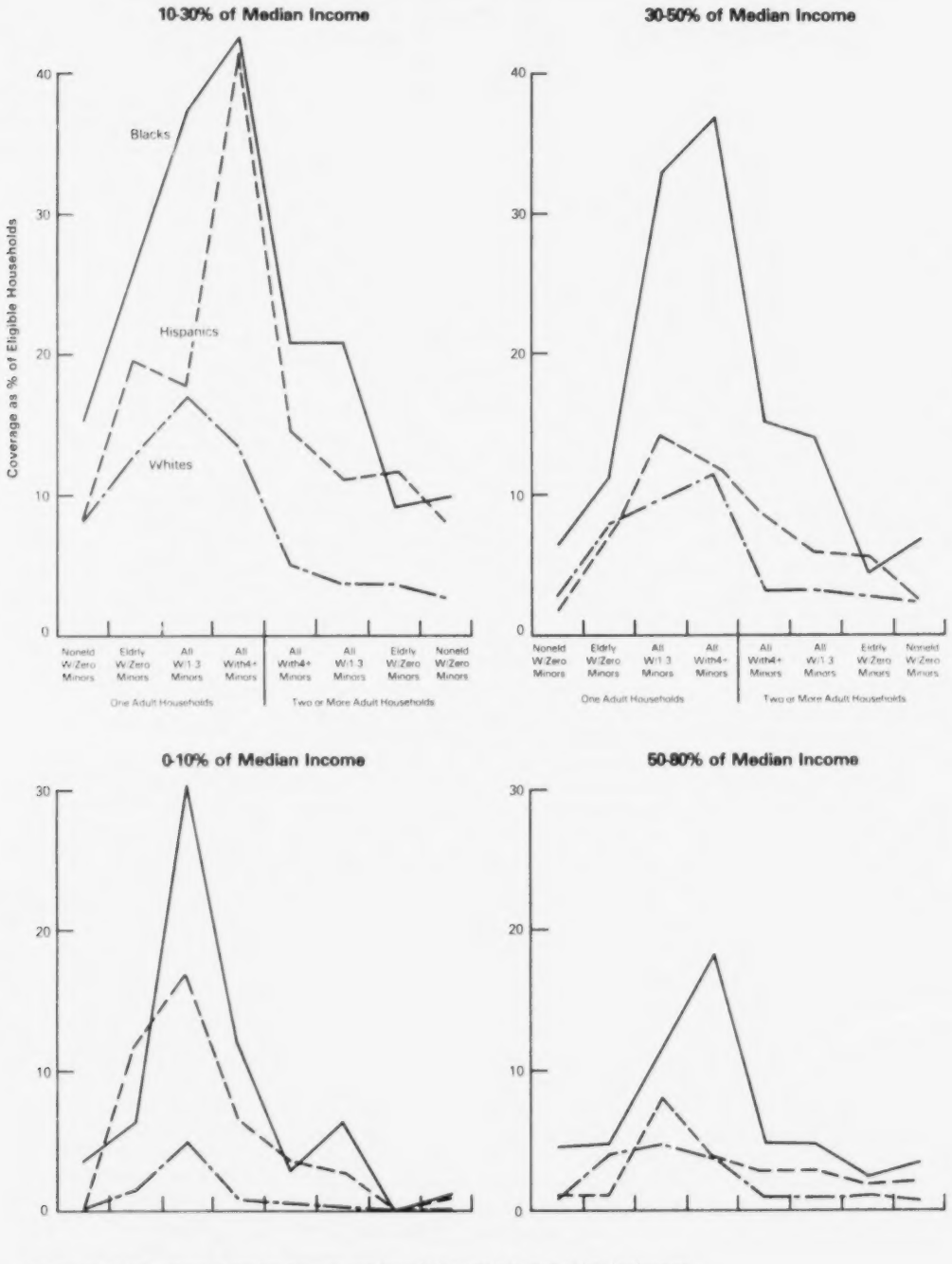


Source: Burke, Paul, "Types of Families, Incomes, and Races in Subsidized Housing," HUD, forthcoming.

Chart 2

Race and Ethnic Groups in HUD Programs

Coverage by Subsidy Programs at Four Income Levels



Source: Burke, Paul, "Types of Families, Incomes, and Races in Subsidized Housing," HUD, forthcoming.

households in HUD-assisted projects and precludes the broad mixes of households of varying sizes and ages that exist in some private rental buildings.

Chart 2 shows participation rates for white, black, and Hispanic households. Regardless of family size or range of eligible income, blacks participate in these programs strikingly more frequently than Hispanics or whites. This is due in part to their very high concentration in public housing. The only minor exceptions are for the Hispanic elderly in all but the highest eligible income grouping where their relative participation rates are slightly higher than for blacks. In addition, in the 10-30 percent of median income range, participation rates for Hispanic households with one adult and 4+ children approximate those for blacks of the same family type and size. Although, in general, they participate relatively less than blacks, Hispanics have higher participation rate than whites, especially when children are involved. Hispanic participation may be affected by reluctance to move out of particular neighborhoods where their strong ties are supported by institutions and social networks.

In the Section 8 program, especially Section 8 existing, whites, blacks, and Hispanics tend to participate more evenly. Participation rates for households without children, both elderly and non-elderly, tend to be closer together for all racial, ethnic, and income groups.

The differences in program participation patterns lie in a number of factors which cannot be fully explained or separated out. Most public housing and Section 8 tenants with incomes above 70 percent of median are paying as much, or almost as much, as the national median for private market rentals. For those tenants with incomes less than 50 percent of median, rents paid are considerably lower than those in the private market. Thus, except in high cost areas, there is less incentive to participate in these programs as income exceeds 50 percent of median.[7] A recent Congressional Budget Office study indicates that in Section 8 existing, the average share of income going for housing before joining the program was over 40 percent; after enrollment it was 20-25 percent.[8]

Other explanations may be a prejudice against living in subsidized housing, alternative housing choices locally available, the rates of homeownership among various groups, and the length of time different types of households remain in low income. Low vacancy rates or low allowable rent ceilings may also hinder participation in some localities. In the public housing and Section 8 programs, the way public housing authorities make their tenant selections, advertise the availability of Section 8 certificates, and keep their waiting lists will effect participation. HUD's guidelines are suggestive and allow for flexibility. In Section 236, affirmative marketing at the project level and HUD's surveillance are important factors. In some cases, program outreach may be poor or may serve some groups better than others. It is claimed for example, that outreach to Hispanics is inadequate and programs may be concentrated in areas where Hispanics do not reside.[9]

We know that the search patterns of particular households vary considerably, as do their ties to particular neighborhoods. There is some evidence that families with children headed by women have lower rates of successful searches. Some of these factors can be altered by HUD; other cannot. The Section 8 program, and particularly its use in existing housing, depends very heavily on the responsiveness of the private market. Thus, landlords' and managers' attitudes and prevailing rents and vacancy rates for units of different sizes in different locations are of great importance in determining whether families move, receive Section 8 assistance in place, search unsuccessfully, or shun the search experience entirely. Also of importance is the flexibility of the PHA in extending Section 8 certificates of eligibility and the ability, which varies locally, to use them over PHA jurisdictional lines where not specifically prohibited by law. More understanding of the search process would help HUD and the public housing authorities to design strategies for improved outreach and placement. One recent study of Section 8 (existing) leasing practices and the rate at which available certificates can be used finds that placements have more to do with the behavior of the public housing authority than with market conditions.[10]

Among the relevant things that a utilization study does not tell us is the quality of the housing people occupy. For example, because public housing serves relatively many large families with children, it frequently does so at relatively high densities. Density has an effect both on the ability to maintain the housing adequately and on the concentrations in local schools. It may also adversely affect the quality of the neighborhood. As a general policy, HUD now encourages scattered, low density sites in public housing. We know that some public housing projects are in deplorable condition. And a recent GAO study[11] claims to have found examples of Section 8 existing housing that are physically inadequate.

Another aspect of the situation we cannot measure are the real benefits to the households that participate. The Experimental Housing Allowance studies indicate that given cash rather than housing assistance, many households would allocate their budgets differently. In other words, for some households, the cost of housing assistance provided may be greater than its value to the recipient households.

Finally, proportionality, while a useful measure of HUD responsiveness, is not especially sensitive to variations in the intensity of need. Some families may need assistance more than others of the same size and income because of personal factors, discrimination encountered, or the quality, cost, and size of the housing they currently occupy.

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[7]U.S. Department of Housing and Urban Development, Office of Policy Development and Research, Report to the Congress: *Section 212 of the Housing and Community Development Act of 1979*, May 20, 1980.

[8]Congressional Budget Office, *Federal Housing Policy: Current Programs and Recurring Issues*, June 1978.

[9]Richard A. Eribes and Albert K. Karnig, *Hispanic Housing* (forthcoming); also Juarez and Associates, Inc., *Hispanics, Housing, and HUD*, prepared for U.S. Department of Housing and Urban Development, Office of Policy Development and Research, September 1977. (Available only through NTIS.)

[10]*Evaluation of the Section 8 Program: The Absorption and Leasing of Section 8 Existing Units in Region IX* (unpublished draft), HUD, 1980.

[11]General Accounting Office, *Housing Leased to Lower Income Perosns: Better Federal Guidance and Management Could Improve Quality*, October 30, 1979.

Homeownership Programs

Achieving homeownership is most difficult for poor households. For those with incomes under $8,000 in 1977 (roughly comparable to $5,000 in 1970), the rate of homeownership declined by 4.8 percent between 1970-1977.

During the same period, the homeownership rate increased more for blacks than for white households and fell slightly for Hispanics, perhaps because the number of Hispanic households has grown so rapidly. Homeownership rates inside central cities increased by 4.3 percent for blacks and 3.3 percent for Hispanic households.

In addition to its assisted rental housing programs, HUD also has a number of programs to promote homeownership. While these do not reach the lowest income population groups, they do help some to achieve homeownership sooner and others to achieve homeownership who might otherwise not be able to do so. They help in the purchase of homes by having FHA insure the mortgages granted by lending institutions. The mortgage lender can thereby accept low down payments or ease the terms in other ways. In addition, in Section 235 interest subsidies are given. The larger units generally provided by homeownership better accommodate the needs of families; they also take some pressure off rental vacancy rates.

The programs reviewed here are a combination of several types. They include the basic home mortgage insurance program, Section 203(b), and the relatively new Graduated Payment Mortgage (GPM) program, Section 245. Also included are Section 221(d)2, specifically intended for low- and moderate-income families, Section 223(e) for homes in older urban areas, and the revised Section 235, a homeownership subsidy program.

The relative role of FHA's basic home mortgage insurance progrma (Section 203) has declined over the years, due in large part to competition from the conventional mortgage market and private mortgage insurers. But activity levels have been on the up-swing since 1974. FHA-insured single-family mortgages presently account for about 12 percent of the unsubsidized homeownership market. In the calendar year 1979, for example, the number of mortgages insured under all five FHA home mortgage programs totaled 437,795. By program, the numbers are:

Section 203 - 264,741
Section 245 - 130,139
Section 221 - 22,570
Section 223 - 5,925
Section 235 - 14,420

The Graduated Payment Mortgage program, which appears to be popular, has also provided a stimulus to FHA activity. GPMS accounted for 30 percent of 1979 FHA home mortgage insurance activity. This instrument allows for smaller monthly payments in early years and increases their size over time for borrowers whose incomes are expected to increase. (Recent modifications have led to reductions in down payments, making this program still more attractive to first-time home purchases.)

The data we are using are for the calendar year 1979.[12] Except for the revised Section 235 subsidy program, the homes insured by FHA are predominantly existing properties (overall, about 84 percent) rather than new ones. This is almost exclusively true for Sections 221 and 223. In the case of Section 203 properties, 87 percent are existing; for Section 245, 82 percent. By contrast, only 6 percent of Section 235 mortgages are on existing properties. For conventional home purchases financed by savings associations in 1979, 69 percent were existing properties.[13]

The five programs are little used in rural areas. The degree to which they are used in urban and suburban areas varies by program and by whether the housing is new or existing.

Median family income and median sales prices range from low to moderate, depending on the program and its purpose:

	Median Family Income (in thousands)		Median Sales Prices	
Program	New	Existing	New	Existing
Section 203	$25.3	$22.0	$48.8	$37.3
Section 245	22.9	21.7	52.6	51.0
Section 221	18.8	18.8	31.8	27.0
Section 223	16.0	17.4	40.0	20.8
Section 235	13.3	12.4	37.6	35.5

As expected, Sections 203, the basic home mortgage insurance program, and 245, the new Graduated Payment Mortgage program, serve higher income groups and generally relate to higher priced housing. And although Section 203 serves a slightly higher income group than Section 245, the sales price of the 245 properties is higher, significantly so for existing homes.

Both median incomes and sales prices are substantially lower in Sections 221 and 223 programs, again as expected. The median sales price of existing Section 223 properties in older urban areas is particularly low.

Section 235, the homeownership subsidy program, serves the lowest income group of any of the programs, but median sales prices are higher for it than for Section 221 or for Section 223 existing homes.

According to the U.S. League of Savings Associations study of conventional loans,[14] the median income of 1979 homebuyers was $28,110 and the median sale price was $58,000. HUD's programs are, on average, reaching households with substantially lower incomes who are buying less expensive homes.

In general, all five programs are used by white families more frequently than by

[12] *Characteristics of FHA Single-Family Mortgages, Selected Sections of National Housing Act, Calendar Year 1979*. U.S. Department of Housing and Urban Development, Office of Housing. Document RR 255. Data are not based on a scientifically drawn sample. However, for most of the data items the sample is large enough for the generalizations drawn here.

[13] U.S. League of Savings Associations, *Homeownership: Coping With Inflation*, June 1980, p. 10. This report is based on data from 14,000 conventional mortgages made in the 2nd quarter of 1979, randomly selected from 350 savings associations and weighted according to local conventional mortgage activity levels.

[14] *Ibid*, pp. 5-6.

minority families, but minority families do participate at substantial rates, especially for existing properties. For almost all the programs discussed here, minority participation is greater than for all home purchases. In 1977, 4.9 percent of all homebuyers were black and 4.1 percent were Hispanics (the Annual Housing Survey data includes FHA-insured mortgages).

The racial patterns are also somewhat consistent with the income pattern. The exception is in the Section 223 program, specifically for homes in older areas. The proportions of minorities served by Section 223 are almost as high as for white families for the (relatively few) new properties and much higher than for white families for existing properties. The percentage distributions, by race and program are:

Section 203	New	Existing
White	84.9	75.9
Black	5.2	14.4
Hispanic	5.1	7.6
Other	4.8	2.1
	100.0%	100.0%
Section 245	**New**	**Existing**
White	85.5	82.7
Black	4.1	5.5
Hispanic	5.3	8.8
Other	5.1	3.0
	100.0%	100.0%
Section 221	**New**	**Existing**
White	56.9	53.3
Black	22.2	38.6
Hispanic	5.3	8.8
Other	5.1	3.0
	100.0%	100.0%
Section 223	**New**	**Existing**
White	51.2	30.9
Black	48.8	59.5
Hispanic	—	8.4
Other	—	1.2
	100.0%	100.0%
Section 235	**New**	**Existing**
White	79.4	73.5
Black	7.7	20.2
Hispanic	11.1	4.0
Other	1.8	2.3
	100.0%	100.0%

Who uses these programs? Mostly relatively young and small families. The median ages of husbands vary from 26 to 33, of wives from 25 to 28. For those not married, median ages vary somewhat more. This compares with a median age of 33 for borrowers in conventional mortgages.[15]

The average married couple using these programs has between one and two dependents. Single people using the Sections 203 and 245 programs have 0.5 dependents or less, on average; in the other programs, they average between one and two dependents. Conventional home loans are also now serving more young, small, and single-person households. But because of the way data are presented, comparisons with FHA data are difficult.

Mortgage limits may make certain of these programs--especially Section 235, new construction--virtually unusable in some high-cost areas. All five programs help families, particularly young families, achieve homeownership. The Sections 221, 223, and 235 programs reach families at lower income levels, many of whom could not achieve homeownership without their eased terms or direct subsidies. Although the latter programs are relatively small, minority families and female-headed families are relatively well represented.

The Role Of Housing Assistance Plans

With the passage of the Housing and Community Development Act of 1974, the Housing Assistance Plan (HAP) has provided HUD with a tool to shape both its assisted housing inventory and the distribution and mix of its assistance. Cities and urban counties participating in the Community Development Block Grant Program (CDBG) are required to submit as part of their application for assistance an acceptable HAP. The HAP is a plan to meet the housing needs of the lower income population of a community and is intended to encourage coordination of community development and housing assistance.

Most large communities participate in the CDBG program. A city's past performance in meeting its HAP goals is an important criterion in the review of applications for CDBG assistance. Central cities of metropolitan areas and cities that receive grants based on their previous participation in certain HUD categorical grant programs receive CDBG entitlement grants; other cities may receive discretionary grants. In Fiscal Year 1978, of the 2,828 communities that participated in the CDBG program, 1,304 received entitlement grants.

The HAP is important to an analysis of the housing circumstances of families with children because it affects the type and geographic distribution of the housing assistance that is made available. Because CDBG program regulations require that local housing goals be proportional to the housing needs of different types of households in the community and that cities provide housing in proportion to those needs and goals (i.e., the "proportionality requirement"), CDBG recipient communities must examine and respond to the housing needs of both large and small families. The HAP must: (1) survey housing conditions in the community and establish the needs of lower income households (generally households whose income does not exceed 80 percent of the median income for the area, adjusted for family size, as determined by HUD), (2) propose realistic goals for providing housing assistance for such households, and (3) indicate locations for proposed newly constructed and rehabilitated housing that will ensure that housing choices are broadened and adequate services
and facilities can be made available to support assisted housing.

Significantly, the HAP includes not only the housing assistance needs of the low- and moderate-income people who currently live in the community but also the needs of those who could be expected to live there if housing were available. Needs are further broken down by types of households--elderly and handicapped, small and large family, minority and female-headed.[16]

The HAP also includes a housing program which defines three-year housing goals to meet the specified assisted housing needs of the community. Each year a locality submits a housing action program for the subsequent year specifying assistance goals broken down by tenure and by household and housing type. The program is to take into account a variety of housing assistance tools--HUD's Section 8, Public Housing, Section 235, and Section

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[15] *Homeownership: Coping with Inflation*, *op. cit.*, p. 9.

[16] For the purpose of the HAP, HUD's definitions of types of households (HUD uses the term "families") are based solely on the number of people in a household. A "small" family is a household with four or fewer persons, including unrelated individuals but excluding elderly or handicapped households. A "large" family is a household of five or more persons, including the elderly but excluding the handicapped

312 programs;[17] the Sections 515 and 202 programs of the Department of Agriculture;[18] CDBG-funded rehabilitation; and other state and local programs directed to lower income households.

HUD area offices are instructed to allocate assisted housing funds for different types of assisted housing in a manner that is consistent with the goals established in the HAPs. The goals established cannot be "plainly inappropriate." If an applicant has not made substantial progress in meeting previous HAP goals and if the reasons for lack of progress were within its control, the Area Office can also recommend a reduction in the CDBG grant. HUD's reviewers are admonished to pay particular attention to performance in meeting goals for renter and large families. HUD then advertises the availability of funds to carry out the HAP goals and approves applications which, to the extent feasible, carry out the HAP goals by household types and needs identified. For localities not covered by HAPs, the HUD field offices determine needs. HUD's housing assistance budget estimates and allocations reflect the combination of mixes in the actual HAPs and these HUD projections.

Although proportionality was required in January 1976, by 1977 it became clear that disproprotionate amounts of elderly housing were being applied for by builders under Section 8 at the expense of family housing. Regulatory changes issued in March 1978 clarified the purpose of the HAP and tightened implementation requirements. HUD also made explicit the community's responsibility for achieving HAP goals, and it established minimum levels of achievement in meeting the goals.[19] Subsequent new regulations for allocation of funds reflected HUD's intention to increase the proportions of assistance going to family housing, i.e., some HAPs had to be changed to provide for a catch-up year in Fiscal Year 1979, based on the new 1978 HAPs.

A study of the HAPs for 1976 and 1977 in 1,300 entitlement communities found that their housing assistance plans divided up into 41 percent for the elderly, 44 percent for families, and 15 percent for large families. The 1978 HAPs of these communities showed a shift to 30 percent elderly, 52 percent family, and 18 percent large family housing assistance.[20]

The HUD project approval process is clearly linked to the goals established in the HAP, and it is now more closely tied to the needs as they are determined locally than it had been prior to the Housing and Urban Development Act of 1974. Requiring minimum levels of performance is also an innovation; now CDBG funding is contingent on cities making progress in providing lower income housing. The HAP requirements and the impact of the HAP on HUD's funding decisions have probably forced jurisdictions (in addition to local public housing agencies) for the first time to be more concerned about the housing needs of lower income families, in particular those with children, and may have had an impact on the provision of assisted housing for families with children.

On the other hand, the effect of the HAP is limited. At best, it is only a plan whose implementation is partially dependent on decisions and actions outside the control of the agency or city preparing it. Without adequate funding, capable and willing housing developers and housing agencies, projects will not be initiated. Even when projects are initially approved by HUD, for a variety of reasons they may never get built. The impact of the HAP process is largely dependent on how committed and competent localities are and how well the housing development process works. Since HAPs are based on three-year plans as well as one-year programs, it may be too early to assess the effects of the 1978 revision in the regulations.

Some cities may still view the HAP as a compliance document and expend little effort in developing an effective and relevant housing strategy. The data and methodology used may not result in accurate estimates of housing conditions, needs, or goals.[21] Goals may not be based on realistic notions about the availability of HUD funding or how quickly projects can be developed. In some instances, when goals are set by HUD without the active support of local officials, the HAP may not be an effective planning tool and may not have any substantial impact on local housing decisions. Finally, the extent to which HUD monitors the performance of localities and takes actions against those that do not demonstrate adequate, good faith efforts will affect how seriously localities treat the HAP requirement. In Fiscal Year 1979, two cities were denied CDBG funds—one because of the inadequacy of its HAP and one because of failure to implement its HAP. In Fiscal Year 1978, ten grants were disapproved or reduced.

Several programmatic policies have a direct impact on the families that receive assistance and affect the reliability of the data on performance. For example, although households with unrelated members are included in the HAP estimated needs and goals, such households are generally ineligible for public housing or Section 8 assistance. In addition, in terms of meeting HAP goals, cities are allowed to count one-bedroom units as small-family units, but these units may, in fact, be rented to elderly households. Most cities classify three-bedroom units as large-family units but they can be rented to small families. Since

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[17]Section 312 provides for rehabilitation loans in neighborhoods in concentrated renewal or development programs.

[18]Section 502 provides loans for farm housing and buildings. Section 515 provides direct and insured loans to provide housing and related facilities for elderly and low-income persons or families in rural areas.

[19]HUD's application processing handbook states: "Where recipients have met only a small percentage of the goals established for family and large family rental assistance relative to the provision of assistance to homeowners and elderly renters, its contract for this year should be conditioned by including firm schedules for specific performance in the contract. Such conditions could include, for example, timetables to establish a Public Housing Agency (PHA) and proposals to respond to specific advertisements for available housing assistance funds. Recipients should be informed that failure to comply with these schedules could result in a grant reduction during the program year," Section 7-3(a), *Reviewing and Processing Community Development Block Grant Entitlement Applications* (HUD Handbook 6503.1), March 1979.

[20]Nancy Chisholm, Ray Kahn and Beverly Harvey, *Housing Type Mix Fluctuations in Housing Assistance Plans*, U.S. Department of Housing and Urban Development, Office of Policy Development and Research, February 1980 (unpublished).

[21]Census population data, for example, quickly become out of date because of rapid changes in household composition and age. At the local level, good current data may be a problem, especially in identifying the needs of families, large families, the elderly, etc. HUD has been developing new methods for improving local population estimates.

"small" and "large" families are defined in terms of the number of individuals present, HUD cannot determine the extent to which the assisted needy families have children or not, although it is reasonable to assume that many of HAP-defined non-elderly households have one or more children. The realization of stated family housing goals is dependent upon actual occupancy patterns.[22] If, as trends suggest, the rental housing market grows increasingly tight, under-occupancy caused by restrictions on children in public and other HUD-assisted housing may be corrected. The questions of how much local codes and HUD guidelines differ, how strictly they are adhered to, or how liberally they are interpreted are increasingly of interest.

Occupancy Practices of FHA Projects

In the course of developing the national survey of rental policies affecting the availability of units for families with children, the question of the policies of unsubsidized HUD-insured projects arose. Apartment buildings and complexes insured by FHA are prohibited by law from discriminating against any family because it has children. Although there may be limits placed on the number of people occupying units of a given size or prohibitions on children of opposite sexes sharing a bedroom, HUD has no occupancy guidelines for unsubsidized projects.

A preliminary study was conducted to check on the policies of a sample of HUD projects. From telephone interviews with the managers or rental agents of a sample of 47 unsubsidized apartment complexes in 12 cities insured under Section 221(d)(4), we have the following findings about occupancy.[23] Since this is not a statistically representative sample, the results are suggestive only of directions for further research.

Most of the managers interviewed mentioned at least one rental policy regulating occupancy by families with children. A tabulation of the policies mentioned is presented in Table 4. In many cases, policies which appear to exclude or segregate families with children stem from policies which restrict the number of children according to the size of the unit. For example, both of the complexes that do not allow children contain only efficiencies and one-bedroom apartments. Furthermore, fourteen of the 22 complexes with separate "adult only" buildings also restrict families with children to units having two or more bedrooms. It is possible that the "adult only" buildings have only smaller units. The policies mentioned by managers which regulate the number of children allowed in various size units are reported in Table 5.

Excessive restrictions on occupancy may cause some families with children to live in larger units than they think they need and to spend more money on housing than they desire. Twenty-nine managers said they allowed no children in a one-bedroom unit. Ten managers said they allowed only one child in a two-bedroom unit, and nine allowed only two in a three-bedroom unit. Among the complexes in the sample, a two-bedroom unit costs about $34 more a month than a one-bedroom unit, and a three-bedroom unit costs about $37 more per month than a two-bedroom unit. The one manager who excluded children from two-bedroom units had a complex containing 102 two-bedroom units but only eight three-bedroom units. This particular policy certainly reduces choice excessively.

Table 4

Policies Mentioned by Managers that Restrict Occupancy by Families with Children

Policy	Number of Managers	Percent of Managers
No children	2	4
Ages of children	5	11
Sexes of children sharing same bedroom	28	60
Number of children	43	91
Separate buildings for families with children	22	47

Table 5

Restrictions on the Number of Children by Unit Size as Stated by Managers

Number of Bedrooms	Number of Children Allowed					Number of Complexes	Number of Mangers Responding*
	0	1	2	3	4+		
1	29	8	3	0	0	45	40
2	1	10	27	2	2	45	42
3	0	0	9	10	10	32	29

*Some of the remaining managers mentioned policies that were not classifiable. Others were inadvertently not asked this question. Only 2 of the 47 managers definitely indicated that they had no policy.

Services

The provision of services to residents of public housing and HUD-assisted housing is consonant with the goals of the Housing and Community Development Act of 1974: "the development of viable urban communities . . ." and "the expansion and improvement of the quantity and quality of

[22] It has been estimated that underoccupancy (according to HUD guidelines) in low-rent public housing units is 11 percent for households with children and 4 percent for households without children. Some of this results from changes in household composition over time. It is also estimated that over-occupancy in public housing units is 11 percent for households with children and less than 1 percent for households without. Sue Marshall and James P. Zais, *How Selected HUD Programs Serve Low and Moderate Income Families with Children*. The Urban Institute, July 1980.

[23] Jon Hakken, *Occupancy Standards of Unsubsidized FHA-Insured Apartments Which Limit Numbers of Children*, U.S. Department of Housing and Urban Development, Office of Policy Development and Research, April 1980 (unpublished).

community services, principally for persons of low- and moderate-income."

A variety of personal services offered in public housing to meet tenant needs range from health care and child care to recreation and counseling of various sorts. One means of providing services to public housing residents is for HUD to provide space for social programs on the premises. Other federal departments, particularly the Department of Health and Human Services (formerly HEW) and the Department of Labor, may provide the actual services. There is, however, no overall provision or coordination by HUD of services to residents of public housing; consequently their operation and funding are typically fragmented. Some of the programs are sponsored and carried out by local private or governmental groups, while others are part of federal programs. Although there have been agreements between HUD and HEW to cooperate in the provision of services, these understandings have not yielded all the hoped for results.[24]

Most of the services referred to here exist in public housing because the concentrations of tenants in public housing make the provision of services there practicable. However, some of these programs are also available to residents of other HUD-assisted housing.

Among the service programs sponsored in part by HUD and other departments in public housing are:[25]

- The Public Housing Urban Initiatives Program, focusing on major improvements in large, deteriorated projects, also contains an anti-crime component. In addition, local community and social service organizations are encouraged to provide services for residents.
- The Early Periodic, Screening, Diagnosis, and Treatment Program of HUD and DHHS to provide preventive health services to youth residing in public housing.
- Workshops for families of alcoholics in selected projects.

An up-to-date accounting of the services offered in public housing does not currently exist. But such an accounting is currently under way and will show the type and number of tenants served by each program service, and the source of funds and other contributions for each service. When it is published in the fall of 1980, it will be a comprehensive compilation of services available in public housing and will provide a useful overview for reviewing HUD's role in this area.

Finally, HUD has responsibility to eliminate lead-based paint hazards in federally owned or assisted residential housing. HUD regulations require that chipping, cracking, peeling, or loose paint in pre-1950 housing units be removed. Residents of potentially hazardous housing must be warned about the danger that exists. Inspection is delegated to local authorities in some cases. How effectively this is being done is not clear.

We have posed the question of how well HUD programs serve families. The answer is not well or poorly but "some do one thing, some do the other." In general we may want to say that public housing serves more families with children than any other program. How can we make HUD's programs still more responsive to the needs of families with children? Are there efficient and effective ways of reshaping the private rental market response—now responding so sensitively to shrinking household size—to meeting the needs of families with children?

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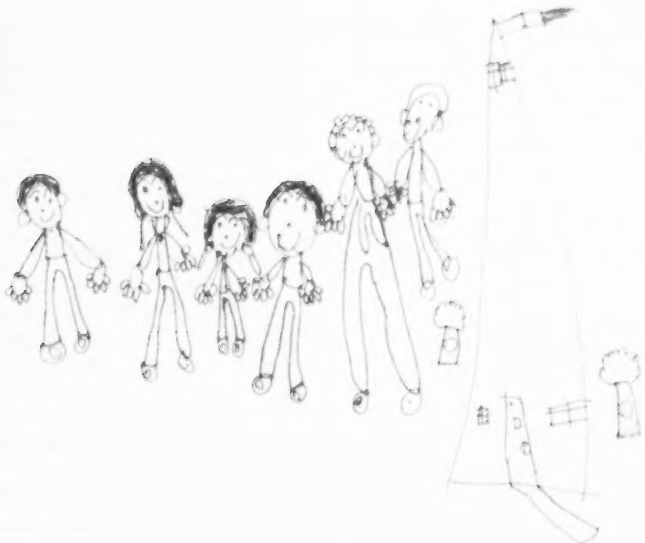
[24]Wilhelmina A. Leigh and Mildred O. Mitchell, "Public Housing and the Black Community," *Review of Black Political Economy* (forthcoming).

[25]The congregate services for elderly and handicapped non-elderly residents of public housing are not included in the program descriptions since they are not primarily services for families with children. However, there may be cases where children do reside with handicapped or elderly persons in congregate housing.



Leslie Simpson, age 5

Chapter 8 Policy and Research Options for the Future

Most American families are adequately housed but problems remain which can create difficulties for families with children. As with all types of households, income is a major factor in a family's ability to command housing services. Thus poor families with children—and especially minority and female-headed families, which are disproportionately represented among the poor—are likely to be inadequately housed, to be overcrowded, and to pay burdensome amounts of their limited incomes for housing. Family size also affects a family's housing fortunes because large families are much more likely to live in inadequate housing.

In large part, as a result of the rapid inflation of the last decade, the rental market has been "skimmed" of many of its higher income households as more and more have moved into homeownership. The perverse impact of inflation on the rental market has been intensified by its effect on tax incentives for homeowners, the largest housing "program" by far. The already sizable tax advantage of owning versus renting has greatly increased as inflation has moved households into ever higher marginal tax brackets. The increasing tax savings on each dollar of deductions for mortgage interest and property taxes are more valuable, the higher the income bracket of the homeowner. Simulataneously, entry into homeownership has become more difficult for lower income households who are barred from homeownership by rising house prices, mortgage interest costs, and downpayments.

At the same time, as a consequence of demographic trends, dramatic shifts in the composition of households have resulted in proportionately more households headed by women and proportionately fewer households with children.

When families with children are unable to afford to own their own homes, they must now compete with single persons and childless couples for rental housing in a market that has grown more slowly than homeownership. Complicating matters even more are the growth of rental policies that exclude or restrict children. It is not clear to what extent these rental practices are an economic response to shifts in demand or to what extent they are society's response to changing perceptions about children or working mothers. Nor are there any good measures of the inconvenience, frustration or pain suffered by individual families and family members as a result of these practices. What is clear is that the housing options for many families are limited because they have children and that in some localities these families may be excluded from a significant share of the existing rental market. These worrisome changes intensify the usual desire to know the future.

It goes without saying that we cannot predict the future with any certainty. But we can examine trends and, basing projections on stated assumptions, attempt to anticipate what housing needs might look like a decade hence.

The Joint Center for Urban Studies of Harvard/MIT has developed for HUD a series of projections based on the continuation of recent patterns of family formation and housing consumption. These projections show that between 1975 and 1990, there will be an increase of between 20 to 25 million households. Most of this increase will be in households without children, but, there will also be an increase in the numbers of households with children. This latter increase of about 6 million wil be almost evenly split between married couples and single-parent families. Most of the single-parent families will be headed by women.[1]

Homeownership will increase among the married and remain relatively fixed among female-headed families. But among renters in 1990, the 4.3 to 4.4 million families headed by women will account for 43 to 50 percent of all renter families with children, whereas in 1975 they accounted for only 30.5 percent.

These families headed by women will be competing with 28 to 30 million other renter households for the same housing. And over two-thirds of their competitors will not have children. On the one hand, increasingly smaller proportions of the nation's households will need family housing, yet that very fact could turn against them and result in a housing market more heavily weighted to the demands of the childless. Moreover, because larger proportions of families with children will be headed by women—who, as we have seen, are less able than others to afford adequate housing—the options of many families with children may be increasingly limited.

These are not predictions, but they do illustrate what could occur in the next ten years. The issues of affordable housing and choice for families with children in the rental market are likely to remain on the public agenda for the foreseeable future.

A crucial question then is what direction should future policy take: Are new legislative initiatives called for? Should HUD's own programs be altered? Is there an appropriate role for voluntary cooperation between the suppliers of housing and fair-housing groups? Because of the complexity of the issues and the lack of definitive research on many conditions limiting housing choice, no one specific policy initiative suggests itself as the solution for the coming decades. We hope the information in this report will stimulate a debate that will take proper account of the needs of families with children. Our goal at this point is to lay out some of the options that might be considered in that debate.

Chapter 5 documents for the first time the scope of exclusionary and restrictive rental practices across the Nation. We now know that although these practices may be more common in certain regions of the country than in others, the extent of the problem is significant enough to create a high national average. All types of renter families with children—regardless of income, race, or sex of head—are likely to encounter some of these restrictions. Our data also suggest that the emotional and

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[1] John Pitkin and George Masnik, "Projections of Housing Consumption in the U.S. 1980-2000 by a Cohort Method," Annual Housing Survey Study #9, Office of Policy Development and Research, U.S. Department of Housing and Urban Development (forthcoming) includes six different projections. The more expansionary of the projections presented here assumes the continuation of housing consumption trends observed for the different age groups in the period from 1970 to 1975, while the more conservative one is based on the continuation of housing consumption trends from 1960 to 1970. Both projections assume medium marriage and fertility rates.

economic costs of restrictive practices affect different types of families in different ways.[2]

Because the housing problems of families result from an interplay among rental practices, the increased burden of housing costs, and household demographics, appropriate solutions necessarily range to issues beyond restrictive policies. Many options that appear at first glance as almost ideal solutions, often have drawbacks. We cannot make those intricate balancing decisions here, but we hope our discussion of the various statutory, supply, and programmatic options will facilitate the process.

Protective Laws

Restrictive rental practices are the most visible way that freedom of choice is curtailed, and as we have seen in Chapter 6, the issue of statutory protection for families with children is already a current focus of activity in some states and localities. Some groups also advocate that the Federal Government move in this direction as well.

The advantage of statutory change is that it makes a very clear statement regarding society's commitment to its children. In a period when there has been what some would consider an excessive emphasis on individual self-fulfillment, statements regarding the collective interest in the next generation may be particularly valuable. Such statements can help to alter both behavior and attitudes. On the other hand, the very process of enacting such legislation could intensify conflict among the various groups concerned with specific rights. Moreover, laws which grant rights do not necessarily create the means by which these rights can be realized. Too often enforcement mechanisms are ineffective. Additionally, such laws do not get to an underlying source of the problem: a tight rental market. And perversely, a possible side-effect of protection might be to add a further disincentive to new construction. This is by no means a certain outcome, however, and careful evaluation of local impacts in communities that already have ordinances prohibiting discrimination against families with children would give us greater insight into the benefits and effects of such legislation.

Supply Incentives — Rental Housing

Modifying supply incentives does not provide direct relief to families in immediate distress, but if the available rental stock could be increased through appropriate incentives, families would obtain long term relief. Supply incentives could focus on either the construction of new multifamily units or the more effective use of the existing stock. New construction has traditionally been the most appealing option, and given the lag in new construction reported in Chapter 4, specific proposals designed to stimulate construction are particularly important. One option that Congress is now considering would provide shallow subsidies on mortgages for newly constructed rental housing for moderate-income families.

Some amount of new construction will be always be necessary, but rising costs and concerns over shrinking resources may very well preclude new constructon adequate to maeet anticipated needs. If this happens, more innovative utilization of existing dwellings might have to be considered more seriously than in the past. Can we open up that portion of the rental stock currently unavailable to families with children? Can we modify structures to better suit the needs of large and extended families?

At this point we do have some idea of the motivation behind the resistance to housing families with children. We do know that managers who do not rent to families with children *think* that their maintenance costs will be greater if their tenants include children. The National Neighbors roundtable recently held in Dallas indicated that managers feel their costs will be particularly high when families with children do not include a fulltime homemaker. Since we have no data to support any of these perceptions, we need systematic empirical research to determine the actual costs associated with renting units to these families. If children do increase costs, consideration might be given to devising appropriate incentives to compensate owners for their loss. Currently, landlords typically respond to their expectations of higher costs by simply refusing to rent to families with children.

Even if research indicated that actual costs are not greater, it may still be necessary to provide economic incentives that would serve as a countervailing force to the prejudices and stereotypes that do exist concerning children. (However, our data on renter attitudes suggests that negative views about living near children are less prevalent than "popular wisdom" would hold.)

Clearly, the impact of supply incentives would not be limited solely to the existing housing stock. In fact our data on the high frequency of restrictive practices in newly constructed units suggest that, in the absence of intervention or special incentives, new construction may not yield a substantial increase in the number of units available to families with children.

Another possibility for increasing the supply of family housing would be incentives to investors, coupled with favorable financial arrangements, to convert unused public and private structures to rental housing for families with children. Such incentives would increase the available housing stock while alleviating the national problem of unused and under-utilized school facilities. All unused schools, for example, may not lend themselves to conversion, but with innovative architectural design many will. The pre-existing recreational facilities in schools may make conversion easier and increase the desirability of such units for families with children.

These conversion incentives might also apply to the conversion of small units in multifamily dwellings to units appropriate for large and extended families or the "reconversion" of what were once single-family dwellings to units appropriate for large families. Since new large-family units are more costly to construct, modifying existing dwellings may be a less costly way to provide large family units.

Increasing the supply of rental units available to families with children is an important avenue to pursue. But supply in

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[2]Future research should systematically analyze whether the stresses and tensions that result from these practices vary by the composition of the household. For instance one might hypothesize that the problems would be greatest in families where the only parent is employed full-time and least severe in families with two parents, only one of whom is employed full-time.

itself may not be enough, because the application of occupancy standards may disqualify families with children from living in units for which they would seem to be eligible. (The data do not indicate whether these standards derive from local housing codes, managers' policies, or HUD guidelines. Additional research is needed on the precise interface between these components because their net effect is to severely restrict the housing options of families with children.) The challenge is to have standards that prevent excessive overcrowding, without denying families housing opportunities.

HUD Programs

HUD's Section 8 programs apply standards intended to prevent overcrowding and to ensure that excessive under-occupancy does not occur. Waivers are granted to allow some flexibility. In practice, however, when standards are waived, waivers occur typically in the direction of under-occupancy rather than over-occupancy. Perhaps in a tight rental market standards may need to be re-evaluated or relaxed to allow more people to live in a unit.

There are other areas in which HUD could make appropriate programmatic or administrative adjustments that might increase the supply of HUD-assisted housing for families or at least make the available supply more accessible to persons eligible for HUD programs. These include:

- examing HUD site selection procedures;
- creating incentives for PHAs to help families, particularly large families, find housing under the Section 8 existing program;
- streamlining paperwork to encourage greater landlord participation.
- reaching out to greater numbers of landlords to encourage their participation;
- encouraging local flexibility in extending the search time for certificate holders in tight rental markets;
- counseling tenants more actively.

Any of the various options that have been outlined here could modify existing programs in ways that are helpful to families with children. However, it is important to bear in mind that the ability of subsidized programs, in particular Section 8, to help families is heavily shaped by the private market. For instance certificate holders in the Section 8 existing program are likely to have their search process constrained by whatever restrictive practices exist in the private market. As we saw in Chapter 7 new monies are going into Section 8 rather than public housing. While there have been recent improvements in the representation of families with children in the Section 8 new program, it is crucial that we continue to monitor HAPs to ensure that commitments to families with children are realized.

Homeownership

We have been focusing on increasing the supply of rental housing for families with children. But the other major alternative for meeting their needs is to increase their opportunities to own their own homes. If larger proportions of families with children could own their own homes, the overall impact of restrictive rental practices would be minimized and more families would have achieved the American "dream." Additionally, homeownership might make available to large families the larger units they need.

Because rising housing costs have made homeownership increasingly difficult even for many middle-income families, several new policies supportive of homeownership are now either under HUD's active consideration or are actually being implemented. One option being developed within HUD would fund a demonstration program to provide assistance to a broader range of households.

In place as of 1980, we now have a new version of the Graduated Payment Mortgage program, which is targeted to lower income, first-time homebuyers. The program reduces the downpayment requirements of the previous Graduated Payment Mortgage, while simultaneously keeping initial payments low.

In addition to facilitating the entry of families into the homeownership market, consideration also might be given to helping families who are already homeowners to maintain that status. Extension to all homeownership programs of counseling for homeowners who encounter problems would be a very simple, yet effective, method for facilitating this goal.

Housing and Social Services

Chapter 3 discussed the problems of families in transition. Can policies be designed to minimize the impact of housing burdens during crucial transitional years, and thereby reduce the number of involuntary housing moves?

Existing HUD programs might develop outreach programs tailored to the needs of those families who are eligible. Housing subsidies and/or appropriate counseling services during the crucial two- to three-year period following a transition would permit these families to adapt successfully to their changed family circumstances and possibly decrease the likelihood of dependency in future years.

In recognition of the special needs of single-parent families, the Volunteers of America of Los Angeles pioneered in 1970 the Maud Booth Family Center, a program of stabilizing services that includes low-cost housing, child care, specialized counseling, and vocational guidance. Warren Village in Denver, Colorado, in operation since 1974, also provides residential units and on-site support services.

Future policy planning might consider replicating such efforts, perhaps within HUD's own public housing program. Because many female-headed households are already located within public housing, the provision, within the project, of appropriate family services such as family counseling, child care, and employment counseling might be a useful way of providing needed help while promoting upward mobility. Moreover, the physical security within such projects might be enhanced if the members of the families in need were receiving appropriate support services. Such focused housing and service programs might also prevent many of the families that become users of HUD housing programs from becoming permanently dependent on subsidies.

Housing and Family Composition

If future policy is to meet the needs of the coming generation, it is crucial that the fundamental changes in family composition be taken into account. But we must also remember that basic compositional changes are not limited to the growth of single-headed households. They also include the

revolutionary growth in the number of dual-earner households. Although our projections do not include such households, we can reasonably infer from projections on the labor-force participation of married women that the proportion of dual-earner households will increase significantly in the coming decade. Whereas in 1978 50 percent of married women ages 16-54 with a husband present and children under 18 participated in the labor force, 64 percent of these women are projected to be in the labor force in 1990.[3]

As an initial step toward ensuring that HUD programs are sensitive to different kinds of families, HUD programs and administrative procedures need to be reviewed to assess whether they take account of family composition. For instance, current income eligibility standards for subsidized housing do not consider the labor force status of the adult members of the household. If they have the same total income, a four-person family with both parents in the labor force will face the same eligibility criteria as a four-person family with only one parent working full-time outside the home, despite the fact that the first family will have less "effective" income. (The dual-earner family will have to purchase services provided by the unpaid homemaker and may have to pay additional employment-related transportation costs.)

Though dual-earner households typically do not experience the burdens of housing costs to the same degree as single-headed households, the two types of households may share many other housing needs that should be considered by planners. For instance, the problems many of these families appear to be having in juggling the responsibilities of family and work bring to the fore an issue of longstanding—the relationship between location of housing, work, and service and recreational facilities. It might be argued that the disjunctions of our basic living environments cause much of the stress and strain experienced by today's families. The challenge is to facilitate the meshing of housing with these other needs that can be crucial to healthy family life.

The relationships within our physical environments also need rethinking. For instance, play space for children that assumes a full-time single caretaker may be neither adequate nor safe for children of working parents. More research on the housing needs and preferences of single-parent and dual-earner families is desirable. This research should address the characteristics of the housing itself as well as its location and the availability of social services and other public services.

We have presented some of the policy and research questions that are raised by the changing composition of our Nation's families. Our hope is that the response to this initial discussion will lead to more refined proposals and ideas. Because of the increased diversity of families, careful thought and dialogue are essential if housing policy is to be responsive to actual needs. We will also need to become more conscious of the ways in which policies themselves shape family life. The convening of the White House Conference on Families represents the crucial first step in creating this new consciousness about families and the role of government. Hopefully our efforts to discuss housing within its broader social context will continue that process.

No, we cannot know the future, but we can ask questions that are sensitive to changing needs. In particular, in a period when fewer and fewer families include children, we may well need to give greater recognition to the fact that children are our future.

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[3]Computed from data in Ralph E. Smith, *Women in the Labor Force in 1990*, The Urban Institute, Washington, D.C. (1979).

Anya Cornelius, age 4

Appendix A

Flaws Used to Measure Housing Adequacy*

Plumbing
unit lacks or shares complete plumbing (cold water, flush toilet, and bathtub or shower inside the structure)

Kitchen
unit lacks or shares a complete kitchen (installed sink with piped water, a range or cookstove, and mechanical refrigerator—not an icebox)

Sewerage
absence of a public sewer, septic tank, cesspool, or chemical toilet

Heating**
there are no means of heating, or unit is heated by unvented room heaters burning gas, oil, kerosene, or unit is heated by fireplace, stove, or portable room heater

Maintenance
it suffers from any two of these defects:

- leaking roof,
- open cracks or holes in interior walls or ceiling,
- holes in the interior floor
- broken plaster or peeling paint (over 1 square foot) on interior walls or ceilings

Public Hall
it suffers from any two of these defects:

- public halls lack light fixtures
- loose, broken, or missing steps on common stairways

Toilet Access
access to sole flush toilet is through one of two or more bedrooms used for sleeping (applies only to households with children under 18)

Electrical
unit has exposed wiring and fuses blew or circuit breakers tripped 3 or more times in last 90 days and unit lacks working wall outlet in 1 or more rooms

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*The defects listed here are selected from those enumerated in the Annual Housing Survey.

**Does not apply in the South Census Region.

Source: *How Well Are We Housed?*

Appendix B

Adequacy of Housing by Family Status: 1977

Table B-1 Adequacy of Housing by Family Status: All Households with Children, 1977

Table B-2 Adequacy of Housing by Family Status: White Households with Children, 1977

Table B-3 Adequacy of Housing by Family Status: Black Households with Children, 1977

Table B-4 Adequacy of Housing by Family Status: Hispanic Households with Children, 1977

Table B-5 Adequacy of Housing by Family Status: Other Households with Children, 1977

Table B-6 Adequacy of Housing by Family Status: Children in All Households, 1977

Table B-7 Adequacy of Housing by Family Status: Children in White Households, 1977

Table B-8 Adequacy of Housing by Family Status: Children in Black Households, 1977

Table B-9 Adequacy of Housing by Family Status: Children in Hispanic Households, 1977

Table B-10 Adequacy of Housing by Family Status: Children in Other Households, 1977

Source: Margaret C. Simms, *Families and Housing Markets: Obstacles to Locating Suitable Housing*. Washington, D.C.: The Urban Institute, 1980.

Table B-1

Adequacy of Housing by Family Status
All Households with Children, 1977

Household Head	Adequately Housed			Inadequately Housed		
	Owner	Renter	Total	Owner	Renter	Total
Male Married	71.76%	18.16%	89.92%	5.18%	4.90%	10.08%
Male Widowed	71.79	10.16	81.95	9.08	8.97	18.05
Male Divorced	52.32	31.38	83.70	6.72	9.58	16.30
Male Separated	36.93	44.57	81.50	3.30	15.20	18.50
Male Never Married	36.52	39.24	75.76	4.17	20.07	24.24
Female Married	49.45	36.00	85.45	7.64	6.91	14.55
Female Widowed	59.34	22.37	81.71	8.68	9.60	18.28
Female Divorced	38.01	49.12	87.13	4.59	8.28	12.87
Female Separated	20.27	55.37	75.64	2.55	21.81	24.36
Female Never Married	7.11	68.29	75.40	1.74	22.87	24.61
All Families	65.28	23.21	88.49	5.08	6.43	11.51

Source: Annual Housing Survey

Table B-2

Adequacy of Housing by Family Status
White Households with Children, 1977

Household Head	Adequately Housed			Inadequately Housed		
	Owner	Renter	Total	Owner	Renter	Total
Male Married	75.86%	15.79%	91.65%	4.78%	3.57%	8.35%
Male Widowed	79.55	9.60	89.15	6.92	3.93	10.85
Male Divorced	53.41	30.33	83.74	6.46	9.80	16.26
Male Separated	41.84	47.56	89.40	5.32	5.28	10.60
Male Never Married	55.70	27.10	82.86	0.00	17.20	17.20
Female Married	58.17	31.64	89.81	6.12	4.06	10.18
Female Widowed	68.23	18.23	86.46	7.46	6.08	13.54
Female Divorced	41.53	47.16	88.69	4.55	6.75	11.30
Female Separated	32.01	51.64	83.65	3.24	13.10	16.34
Female Never Married	11.86	75.56	87.42	2.19	10.39	12.58
All Families	71.92	19.15	91.07	4.80	4.13	8.93

Source: Annual Housing Survey

Table B-3

Adequacy of Housing by Family Status
Black Households with Children, 1977

Household Head	Adequately Housed			Inadequately Housed		
	Owner	Renter	Total	Owner	Renter	Total
Male Married	54.45%	27.47%	81.92%	6.89%	11.19%	18.08%
Male Widowed	49.26	9.49	58.75	23.01	18.24	41.25
Male Divorced	29.61	24.01	53.62	22.52	23.86	46.38
Male Separated	35.38	28.68	64.06	0.00	35.95	35.95
Male Never Married	32.41	45.10	77.51	0.00	22.50	22.50
Female Married	28.69	52.88	81.57	5.13	13.30	18.43
Female Widowed	40.27	30.12	70.39	12.21	17.40	29.61
Female Divorced	27.48	56.36	83.84	4.35	11.81	16.16
Female Separated	12.42	59.11	71.53	1.72	26.75	28.47
Female Never Married	6.00	67.60	73.60	2.02	24.39	26.41
All Families	38.54	40.30	78.84	5.55	15.61	21.16

Source: Annual Housing Survey

Table B-4

Adequacy of Housing by Family Status
Hispanic Households with Children, 1977

Household Head	Adequately Housed			Inadequately Housed		
	Owner	Renter	Total	Owner	Renter	Total
Male Married	45.97%	34.33%	80.30%	7.06%	12.64%	19.70%
Male Widowed	66.85	0.00	66.85	0.00	33.15	33.15
Male Divorced	54.38	45.62	100.00	0.00	0.00	0.00
Male Separated	14.79	70.56	85.35	0.00	14.64	14.64
Male Never Married	0.00	55.95	55.95	22.12	21.93	44.05
Female Married	26.94	42.30	69.24	13.33	17.43	30.76
Female Widowed	39.08	37.16	76.24	2.43	21.34	45.70
Female Divorced	29.44	53.67	83.11	6.36	10.53	16.89
Female Separated	7.21	56.26	63.47	2.11	34.42	36.53
Female Never Married	4.94	63.41	68.35	0.00	31.65	31.65
All Families	39.71	38.79	78.50	6.29	15.21	21.50

Source: Annual Housing Survey

Table B-5

Adequacy of Housing by Family Status
Other Households with Children, 1977

Household Head	Adequately Housed			Inadequately Housed		
	Owner	Renter	Total	Owner	Renter	Total
Male Married	50.45%	28.65%	79.10%	9.90%	11.00%	20.90%
Male Widowed	20.54	39.31	59.84	0.00	40.16	40.16
Male Divorced	60.75	39.25	100.00	0.00	0.00	0.00
Male Separated	32.79	0.00	32.79	0.00	67.21	67.21
Male Never Married	0.00	0.00	0.00	0.00	0.00	0.00
Female Married	46.74	16.15	62.89	37.11	0.00	37.11
Female Widowed	25.82	37.96	67.78	20.39	15.83	36.22
Female Divorced	49.68	5.59	55.27	0.00	44.73	44.73
Female Separated	3.88	54.12	58.00	8.47	33.53	42.00
Female Never Married	5.92	44.23	50.15	0.00	49.85	49.85
All Families	46.39	29.62	76.01	9.96	14.03	23.99

Source: Annual Housing Survey

Table B-6

Adequacy of Housing by Family Status
Children in All Households, 1977

Household Head	Adequately Housed			Inadequately Housed		
	Owner	Renter	Total	Owner	Renter	Total
Male Married	71.83%	16.85%	88.68%	5.88%	5.44%	11.32%
Male Widowed	72.91	9.38	82.29	5.77	11.95	17.72
Male Divorced	49.63	31.04	80.67	8.08	11.25	19.33
Male Separated	37.73	45.45	83.18	3.63	13.19	16.82
Male Never Married	37.82	42.46	80.28	3.39	16.33	19.72
Female Married	45.85	35.20	81.05	8.55	10.40	18.95
Female Widowed	56.61	21.87	78.48	9.69	11.83	21.52
Female Divorced	38.51	47.08	85.59	4.85	9.56	14.41
Female Separated	18.78	53.14	71.92	2.55	25.53	28.08
Female Never Married	6.06	61.92	67.98	2.13	29.89	32.02
All Families	65.19	21.74	86.93	5.69	7.38	13.07

Source: Annual Housing Survey

Table B-7

Adequacy of Housing by Family Status
Children in White Households, 1977

Household Head	Adequately Housed			Inadequately Housed		
	Owner	Renter	Total	Owner	Renter	Total
Male Married	76.49%	14.35%	90.84%	5.35%	3.81%	9.15%
Male Widowed	82.78	9.39	92.17	4.23	3.60	7.83
Male Divorced	51.38	30.65	82.03	7.56	10.40	17.96
Male Separated	43.32	47.63	90.95	5.79	3.26	9.06
Male Never Married	53.24	31.51	84.75	0.00	15.25	15.25
Female Married	56.70	33.20	90.90	4.65	5.45	10.10
Female Widowed	67.60	18.79	86.39	7.98	5.63	13.61
Female Divorced	42.77	44.81	87.58	5.20	7.22	12.42
Female Separated	34.35	47.92	82.27	3.33	14.40	17.73
Female Never Married	11.47	76.29	87.76	1.75	10.48	12.23
All Families	72.91	17.41	90.32	5.33	4.35	9.68

Source: Annual Housing Survey

Table B-8

Adequacy of Housing by Family Status
Children in Black Households, 1977

Household Head	Adequately Housed			Inadequately Housed		
	Owner	Renter	Total	Owner	Renter	Total
Male Married	54.68%	24.95%	79.63%	7.43%	12.94%	20.37%
Male Widowed	44.07	8.54	52.61	12.48	34.91	47.39
Male Divorced	17.10	16.91	34.01	26.96	39.03	65.99
Male Separated	38.53	27.25	65.78	0.00	34.22	34.22
Male Never Married	44.39	37.10	81.49	0.00	18.51	18.51
Female Married	28.25	44.26	72.51	7.47	20.02	27.49
Female Widowed	37.28	26.49	63.77	13.87	22.35	36.22
Female Divorced	27.83	53.85	81.68	4.06	14.27	18.33
Female Separated	10.97	56.35	67.32	1.85	30.83	32.68
Female Never Married	5.43	59.92	65.35	2.65	32.00	34.65
All Families	38.14	37.12	75.26	5.96	18.78	24.74

Source: Annual Housing Survey

Table B-9

Adequacy of Housing by Family Status
Children in Hispanic Households, 1977

Household Head	Adequately Housed			Inadequately Housed		
	Owner	Renter	Total	Owner	Renter	Total
Male Married	46.45%	31.60%	78.05%	9.04%	12.91%	21.95%
Male Widowed	80.13	0.00	80.13	0.00	18.87	19.87
Male Divorced	53.94	46.06	100.00	0.00	0.00	0.00
Male Separated	8.62	74.32	82.94	0.00	17.06	17.06
Male Never Married	0.00	70.43	70.43	14.85	14.72	29.57
Female Married	19.72	37.26	56.98	21.72	21.30	43.02
Female Widowed	43.06	31.09	74.15	1.87	23.98	25.85
Female Divorced	31.23	50.90	82.13	4.67	13.20	17.87
Female Separated	4.50	55.17	59.67	2.51	37.82	40.33
Female Never Married	2.73	60.76	63.49	0.00	36.50	36.50
All Families	40.02	35.93	75.95	7.95	16.10	24.05

Source: Annual Housing Survey

Table B-10

Adequacy of Housing by Family Status
Children in Other Households

Household Head	Adequately Housed			Inadequately Housed		
	Owner	Renter	Total	Owner	Renter	Total
Male Married	54.01%	27.08%	81.09%	8.69%	10.22%	18.91%
Male Widowed	20.54	39.32	59.86	0.00	40.16	40.16
Male Divorced	64.20	35.80	100.00	0.00	0.00	0.00
Male Separated	32.79	0.00	32.79	0.00	67.21	67.21
Male Never Married	0.00	0.00	0.00	0.00	0.00	0.00
Female Married	58.45	12.93	71.38	28.62	0.00	28.62
Female Widowed	28.38	25.28	53.66	24.48	21.86	46.34
Female Divorced	47.49	10.49	57.98	0.00	42.02	42.02
Female Separated	1.86	70.10	71.96	4.06	23.98	28.04
Female Never Married	14.18	34.05	48.23	0.00	51.77	51.77
All Families	50.17	28.14	78.31	8.91	12.78	21.69

Source: Annual Housing Survey

Appendix C

HUD Programs Reviewed in Chapter 7

Multifamily Housing Assistance Programs

Low-Rent Public Housing. HUD pays development costs and annual operating subsidies for rental projects owned and managed by local public housing agencies and rented to lower-income tenants at reduced charges.

Section 8 New Construction/Substantial Rehabilitation. HUD subsidizes rents of lower-income households occupying publicly and privately developed projects. Federal payment per unit equals the difference between Government-established Fair Market Rents and one-fourth of the tenant's adjusted income.

Section 8 Existing Housing. HUD provides assistance on behalf of households occupying physically adequate, moderate-cost rental housing of their own choosing in the private market. Federal payment per unit is similar to Section 8 new construction/substantial rehabilitation.

Section 236 Rental Assistance. Section 236 is currently inactive, but projects formerly insured continue to operate. The program provides reduced rents for low- and moderate-income families by subsidizing mortgage interest and providing operating subsidies for rental and cooperative housing projects.

Rent Supplements. HUD makes subsidy payments to the owners of private non-profit rental housing on behalf of eligible tenants. It is generally used in conjunction with mortgage subsidy projects such as Section 236 projects.

Homeownership Programs

Section 203(b). HUD insures loans made by private financial institutions on one- to four-family homes for up to 97 percent of the property value and for terms of up to 30 years. Any person able to make the cash investment and the mortgage payments is eligible for this program. The maximum mortgage amounts are:

$ 67,500 for a single-family home
76,000 for a two-family home
92,000 for a three-family home
$107,000 for a four-family home.

Section 245. HUD provides Federal mortgage insurance for graduated payment mortgages which allow homeowners to make smaller monthly payments initially and to increase their size gradually over time. The maximum mortgage amounts are the same as those for Section 203.

Section 221(d)(2). HUD provides mortgage insurance to increase homeownership opportunities for low- and moderate-income families, especially those displaced by urban renewal. HUD assistance may help finance the purchase, construction or rehabilitation of low-cost, one- to four-family housing. The maximum insurable loans for an owner-occupant range from $31,000 for a single-family home in a lower cost area to $36,000 in a high cost area. For a larger household, the maximum ranges from $36,000 to $42,000. Higher mortgage limits apply to two- to four-family housing.

Section 223(e). HUD provides mortgage insurance to lenders to finance the purchase, rehabilitation, or construction of housing in older, declining, but still viable urban areas where normal requirements for mortgage insurance could not otherwise be met. The terms vary according to the FHA program under which the mortgage is insured.

Revised Section 235 Homeownership Assistance. HUD provides mortgage insurance and interest subsidies to lower-income households purchasing new or substantially rehabilitated single-family homes or condominium units. HUD insures mortgages and makes monthly payments to lenders to reduce interest to as low as 4 percent. The homeowner must contribute 20 percent of adjusted income to monthly mortgage payments and must make a downpayment of 3 percent of the cost of acquisition. The maximum mortgage amount for a household of one to four persons ranges from $32,000 in a lower cost area to $38,000 in a high cost area. For a larger household, the maximum ranges from $38,000 to $44,000. The income limit for initial occupancy is 95 percent of the area median income.

Other

Community Development Block Grants. The CDBG program provides grants to local governments, allocated on needs-based formulas. About one-fourth of all CDBG funds go toward housing rehabilitation, building code enforcement, and relocation assistance.

Spending priorities are determined at the local level, but the law enumerates general objectives which local plans and programs must fulfill. To receive their grants, recipients are required to estimate their lower-income housing needs and address them in the overall community development plan they submit.

Counseling for Tenants and Homeowners. HUD may provide free housing counseling for owners and tenants of HUD-insured housing. HUD is required to counsel homeowners assisted under the Section 235 program.

Community Services for Tenants. HUD furnishes technical assistance to local management of public housing and HUD-assisted housing. Federal and community agencies provide social services, employment opportunities, and recreational programs for tenants through agreements negotiated nationally and through collaboration developed at regional, State, and local levels.

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